

**B.C. Treaty Process Settlements;
Precursors To Economic Success Or Failure**

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Abstract

The available literature relevant to economic development within First Nations' communities in North America was reviewed and summarized into 7 key economic success factors that have fundamental impacts on economic success and sustainability within this context. Verification of the relevance of this information was completed via semi-structured interviews with several individuals with extensive experience working on First Nations' business initiatives in the central interior of B.C. The 7 key factors and the information obtained during the interviews were then utilized to assess the components of two B.C. Treaty Process (BCTP) Agreements in Principle (AIPs). The fundamental question being considered was whether or not the Agreements being manufactured through the BCTP are congruent with the factors that have been identified to promote successful economic development in First Nation communities.

First Nations peoples on average score well below mean Canadian societal standards on nearly every measure relating to health and quality of life. Many First Nations are turning to economic development as a means of improving community conditions. The post-contact legacy of imposed government structure and economic subjugation has made the transition to successful economic development difficult. A central premise of the BCTP is to facilitate First Nations' economic self-sufficiency. The central interior of B.C. is home to more than 50 First Nations, the majority of which are engaged in the BCTP.

The B.C. Treaty Process Agreements in Principle (AIPs) were assessed to be largely congruent with 7 economic success factors and information provided by interviewees. The Agreements evolving through the BCTP appear to hold excellent potential to allow First Nations to generate sustainable economic success and eventual self-sufficiency. Two primary issues were identified that may impede the conversion of this potential. These issues are discussed in relation to their conflict with the 7 economic constructs and potential treaty settlements, and recommendations are provided to mitigate for their negative consequences.

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Introduction

Upon first European contact with what is now known as Canada the indigenous peoples possessed well developed societies, many intricate cultures and well structured economies. During the first century of contact, economies of both the colonizing forces and indigenous peoples in some cases continued to flourish jointly. However, eventually competing forces and the imposition of the colonial system of land and resource ownership on the indigenous peoples led to their exclusion from economic activities. In many cases, the policies of colonial governments purposefully and directly removed the competitive threat of the indigenous peoples from burgeoning economies through law and regulation. Further, ongoing law and social policy, as well as disease outbreaks and other social factors diminished the health and state of the majority of the indigenous groups substantially. These issues and related post-generational impacts continue to negatively impact Canada's indigenous peoples today. Following is a brief summary of the historical inseparable legal and political post-contact events that have shaped the contemporary state of Canadian First Nations.

First Nations within the Framework of Canada

The Royal Proclamation (also called the Indian Magna Carter or Indian Bill of Rights) of King George III established the constitutional foundation of British imperial Canada after the defeat of the French army in North America in 1763. The Royal Proclamation affirmed the protection of Indians and their lands. Still entrenched in the Canadian Constitution, the Proclamation's best known provision states that only the Crown can extinguish "Indian title." This allowed the ongoing settlement of treaties with eastern Aboriginal groups to continue.

In 1867 the British Parliament passed The *British North America Act* creating the Dominion of Canada. Section 129 of the Act confirms that the Canadian government is bound by Imperial (British) legislation, including the 1763 Royal Proclamation and treaties signed prior to 1867. There is also a variety of legal documentation, in which Crown authority asserts protection and defence of Native land and rights where no specific treaties with the Natives were made to that effect.

The *Constitution Act* that established Canada as a confederation in 1867 gave the new federal government responsibility for and control over Indians and their land reserves. By 1876 there were so many aboriginal-related laws that Parliament consolidated them into the *Indian Act*, essentially homogenizing the treatment of Canada's diverse Indian peoples. The government had complete discretion over who was designated an Indian and in order to be of Indian "Status," one generally had to be a member of an aboriginal band that was granted a reserve or government funds or had negotiated a treaty with the government. The act only applies to Status Indians.

Setting forth what rights and protections Status Indians had under the Act, Indians could continue to hunt and fish for a living, and they were eligible for government-funded education and health care. The government was obligated to protect reserve land from settlers, and non-Indian people were prohibited from trespassing on reserves. The act deprived Indians of the right to govern themselves and denied them citizenship, barring them from voting in federal or provincial elections. The act also restricted their ability to conduct commerce and to own land. Most of the power on any Indian reserve was held by the federal agent for the Department of Indian Affairs (now the Department of Indian Affairs and Northern Development), who controlled government money and could veto decisions made

by the reserve council. The Act's main goal was to assimilate the Indian population into white Canadian culture and it provided for Indians to be enfranchised (given Canadian citizenship) by meeting specified requirements, which resulted in the loss of Indian status. It forced the abandonment of cultures by forbidding traditional ceremonies.

Post World War II Canadians recognized that Indian men had served admirably in the Canadian army and that Indians were living in poverty. In response, Parliament removed objectionable and outdated provisions from the Act in 1951. The changes generally reduced the control federal agents had on reserves, giving a measure of self-government to Indian bands. Parliament removed the controversial section of the Act banning cultural practices. It also took out the rules prohibiting Indian people from leaving their reserve without permission and lifted some restrictions on Indian trade. Amendments continued and by 1962 Indians had the right to vote in federal and provincial elections. In 1985 the law was changed so that Indians could no longer be forced to give up their Indian status, and Indian women who married non-Indian men no longer automatically lost their Indian status. In the 1980s and 1990s amendments gave bands more self-government, including some control over deciding who was entitled to band membership and could live on their reserves. In 1987, the concept of enfranchisement, a key policy goal for over a century and a half was abolished, and Indian status and band membership rights were restored to those who had lost them because of inheritance exclusively through male descent or through enfranchisement.

Despite these changes, today's *Indian Act* remains similar to the original. One of the most pervasive pieces of legislation in Canadian society, the *Indian Act* regulates almost every aspect of Indians' lives. The Act has stifled Indian economic development by putting commerce on all reserves under the control of an unresponsive centralized bureaucracy.

Finally, the measure intended to protect the Indians by barring non-Indians from trespassing on reserve land isolates Indians from mainstream society. Although many provisions that violated Indians' civil rights have been removed, the Act still restricts their right to govern themselves (Frideres 1993).

Contemporary Trends

Since the 1960s Indian political activity has greatly increased awareness of Indian problems and interests among the general public and the Indian population itself. An experienced Indian leadership has emerged capable of furthering their interests and acting on the government's stated willingness to negotiate issues, including jurisdiction and autonomy. At the insistence of native people, the *Constitution Act* of 1982 included section 35 which affirms existing aboriginal and treaty rights of the "aboriginal peoples of Canada," defined as the Indians, Inuit and Métis. The meaning and extent of the rights conveyed through section 35 continue to be defined within Canada's legal system, with considerable implications on crown land and resource management. Individual self-government agreements for First Nations are now possible through negotiation on the basis of the inherent right of First Nations to self-government declared in the *Constitution Act*, 1982. They are slow to evolve and few have been achieved.

In addition to self-government agreements, many First Nations continue to advance the settlement of comprehensive and specific claims, and are pursuing treaty-making in B.C. The agreements reached may ultimately replace the *Indian Act* as the primary instrument governing the relationship between First Nations and government, without altering the special relationship between Indian people and the Crown, or abrogating existing aboriginal, treaty or constitutionally protected rights.

Contemporary Administration & Governance

A growing degree of self-administration has been occurring, particularly since the 1960s, when aspects of band governance, including the administration of some federally funded programs, began to be taken over by the First Nations communities themselves. Federal operational administration under the Indian Act and existing treaties continues today at a reduced level while First Nations' involvement in program delivery increases.

The Canadian government uses the term "band" to describe the local unit of administration by Indian and Northern Affairs Canada. There are over 600 "modern administrative bands" (First Nations) in Canada, which function as "native municipalities" managed by elected band councils (Chief and Council) according to the laws of the *Indian Act*, and remaining under the authority of Indian and Northern Affairs Canada (INAC). By-laws related to governance of the community must be approved by INAC.

Following the trend referred to above, the administration of most social programs for registered Indians on reserves has been transferred wholly to band administrations. Eighty-five percent of INAC Indian and Inuit Programming¹ for basic services such as elementary/secondary education, social services, infrastructure such as water and sewer, and local government is delivered through bands, with primary funding allocation authority and mechanisms remaining centralized with INAC. The remaining 15% of INAC funding for Indian and Inuit Programming flows through the provinces (9%) for service provisions or is delivered directly by INAC (6%) (INAC 2001).

¹ The Indian and Inuit Affairs Program consists of two business lines: Indian and Inuit Programming, and Claims; 2000–2001 budget of approximately \$4.2 billion Programming and \$500mill Claims (INAC website).

Implications of Colonization

While some positive trends are being demonstrated, both in terms of Canadian policies toward First Nations, and through internally driven First Nations movements, the legacy and continuation of oppressing and subjugating policies and laws has resulted in the diminishment of Indian peoples' economic, social and cultural wellbeing.

In 2000, the median incomes of Indians living off-reserve and on reserve were \$13,838 and \$10,471, respectively. In comparison, the non-Aboriginal population had a median income of \$22,431 (Statistics Canada, 1996 Census and 2001 Census). As such, many Indian people are classified as living at or below the poverty line. In major western cities, four times as many Aboriginal people as other citizens are below the poverty line. Overall unemployment rates for the aboriginal population are 2-3 times higher than the non-aboriginal population, and vary relative to the societal average by region and with aboriginal populations on and off-reserve. The overall Canadian aboriginal population had a 36.6% high school completion rate in 2001, 17.1% possessed a post secondary diploma or certificate, and 3.3% possessed a university degree. All measures of education attainment within the aboriginal population were considerably less than overall societal rates.

Incarceration rates of Aboriginal people are 5-6 times higher than the national average. The gap in life expectancy between First Nations and other Canadians is seven years. Life expectancy is lowest for Registered Indians living on reserves: 62 years for men and 69.6 years for women (RCAP 1996). The most common causes of death for First Nations people aged 1 to 44 years were suicide, self-injury and poisoning. Potential years of life lost from injury was more than all other causes of death combined and was almost 3.5 times that of the Canadian rate (Health Canada. 2001). Compared with the overall Canadian population, First

Nations had elevated rates of pertussis (2.2 times higher), rubella (7 times higher), tuberculosis (6 times higher) and shigellosis (2.1 times higher) for the year 2000 (Health Canada. 2001)

Of the 976,305 people who identified themselves as Aboriginal in Canada's 2001 Census, 62%, or 608,850, reported they were North American Indian². This varies slightly from INAC records for 2002 that indicated 705,000 [410,000 (69%) living on reserve and 285,000 (40%) living off-reserve] Registered Indians residing in Canada. Projections at that time estimated the Registered Indian population would be 769,400 [485,400 (63.1%) on reserve and 284,000 (36.9%) off-reserve] by the year 2006 (INAC 2004). In 2000, the First Nations birth rate was 23.4 births per 1,000 population, more than twice the Canadian rate. One in five First Nations births involved teenaged mothers; by contrast, far fewer births occurred among Canadian teen women (5.6%) (Health Canada. 2001). The proportion of the First Nations population under 30 years of age was 61.1% in 2000, compared with 38.8% for the Canadian population in 2001 (Health Canada. 2001). The combination of the younger demographics of the First Nations population and the higher birthrate indicates that First Nation population growth will continue to increase and outpace the non-aboriginal population. Based on 1996-2001 census data, current estimates are that the First Nations population is increasing at a rate 4 times faster than the non-aboriginal population (Stats Can website).

British Columbia's Registered Indian population was 114,000 in 2002 (16.2% of Canadian Registered Indian population) of which 57,251 lived on reserve (50.2%) and 56,869 lived off reserve (49.8%) (INAC Gour, C.).

² 30% reported Métis and 5% Inuit

Social and Economic Paradigm

The existing result of the colonization process is the present situation of First Nations peoples in Canada, which includes educational levels, employment rates, living conditions, health and life expectancy below the average standards of the country. The First Nation population is also growing at a disproportionate rate relative to Canadian society. While governmental/societal responses to improve this situation have been forthcoming, they have been slow and to some extent, ineffectual. First Nations have also pursued a number of avenues to improve their situation. The most common are as follows:

- Attempting to access an array of government programs focussing on individual and community economic development, program/service expansion and capacity development.
- Strengthening their legal position regarding control of resources and lands through court action and/or negotiated settlements with government and industry directly.
- Pursuing negotiated settlements through claims or treaty processes. In particular, more than 40 B.C. First Nations are engaged in the B.C. Treaty Process, which stipulates that economic self-sufficiency is key to improving conditions for First Nations communities.

Legal Strength and Recognition

The rationale for negotiating settlements with First Nations in Canada has varied through history, but the legal basis for negotiating settlements has been relatively constant. Initially, in return for their cessation of commercial activities and loyalty to and/or lack of opposition to the colonizing forces and in recognition of their occupation of the country prior to British colonizing forces, the indigenous peoples were guaranteed specific treatment by

colonizing government. This recognition and at least the legal intent of historical settlements have remained alive in the transitioning legal instruments that have developed Canada into the nation it is today. This is implicit in the recognition of the existence of Aboriginal Rights in the *Canadian Constitution*. As parties have continued to seek definitions of these rights through the legal system, they have been classified as *sui generis* or unique, as in unique to the Canadian concept of law. This requires their definition through the courts on a case by case basis, a slow and onerous process. As First Nations have strengthened their ability to assert their interests and their rights, the undefined nature of these rights has created an environment of uncertainty on the crown land base, particularly in B.C., where few of the more than 100 First Nations that are located there have achieved treaty settlements with Canada and B.C.

Treaty Settlements

Owing to its more recent settlement and other factors, the treaty-making process undertaken in many other parts of Canada was never completed in most of B.C. Aboriginal people in B.C. subsequently petitioned the federal and provincial governments to negotiate treaties and the Indian Act was amended in response in 1927, making it illegal for aboriginal people to raise or spend money to advance land claims. This restriction was removed in 1951, and in August 1990 the governments of Canada and B.C. agreed to negotiate treaties with First Nations in B.C. (BCTO website).

Following recommendations outlined in the 1991 Report of the B.C. Claims Task Force, the B.C. Treaty Process (BCTP) was established in 1992 by agreement among Canada, B.C. and the First Nations Summit. The B.C. Treaty Commission (BCTC), an autonomous body established in 1992, serves as overseer of the negotiation process to make

sure that the parties are being effective and making progress in negotiations through the six-stage BCTP (BCTO website).

In addition to treaty negotiations in B.C., modern treaty negotiations have been taking place across Canada since 1973, and there are 16 negotiations presently taking place outside of B.C. Since the implementation of Canada's Comprehensive Claims Policy in 1973, 15 treaties, or claim settlements, have been signed in Quebec, the Yukon, the Northwest Territories and B.C. These claim settlements have successfully resolved longstanding issues of Aboriginal title to land and natural resources (INAC website). Similarly, Canada and B.C. are pursuing treaties in B.C. to resolve questions of uncertainty with respect to ownership, usage, management and regulation of lands and resources, and the application of laws.

Several studies have been undertaken that have assessed the economic impact of finalizing treaties in B.C. Price Waterhouse (1990) estimated the cost to B.C. of not settling treaties to be \$1 billion in lost investment and 1,500 jobs a year in the mining and forestry sectors alone. KPMG (1996) estimated the net financial benefit to British Columbians from settling treaties would be a 3:1 ratio of dollars returned to dollars spent on settling. This equated to an estimated total net benefit of \$3.9-5.3 billion over a 40 year time horizon.

Thornton (1999) estimated that completing treaties in B.C. would bring a net financial benefit of between \$3.8 billion and \$4.7 billion and between 7000 and 17,000 jobs in B.C. over a 40 year horizon. The primary conclusion of these independent assessments is that the economic benefits that treaties will bring to our province far outweigh the costs of treaty making.

Further a global assessment of the social and economic implications of treaty settlement with Aboriginal peoples conducted by ARA Consulting Group (1995) indicated that treaties

were neither a panacea nor threat. Their case study indicated that treaties created change and required some adaptation, but were essential for the creation of a social, political and economic framework for future relations between indigenous and non-indigenous peoples.

Since initiation of the BCTP in 1993, a total of \$289million has been distributed to the 53 First Nations that have actively participated in negotiations. This includes \$231million in repayable loans and \$58million in contributions (BCTC 2004). This does not include the costs of Treaty Related Measures funding or expenditures to support Canada's and B.C.'s negotiating teams, which are estimated to bring the total expended to date on the process to \$644million (Krehbiel 2005). To date, no finalized treaties have resulted.

B.C. Treaty Process

The BCTP involves a tripartite negotiation between each First Nation that engages the process and the governments of Canada and B.C. Negotiations between each First Nation or First Nations organization (Tribal Council) and Canada and B.C. are independent processes (i.e. 44 negotiating tables active in B.C. as of January 2005).

The six stage BCTP reflects the structure recommended in the B.C. Claims Task Force Report of 1991. The six stages are described briefly below as follows (BCTC website):

- Stage 1 – Filing of Statement of Intent (SOI) to negotiate, identification of First Nation's negotiating body
- Stage 2 – Determination of readiness to negotiate and establishment of third party consultation means
- Stage 3 - Negotiation of a Framework Agreement – Treaty table of contents
- Stage 4 - Negotiation of an Agreement In Principle (AIP) – Beginning of substantive negotiations

- Stage 5 - Negotiation to finalize a Treaty – Formalizes the new relationship – Technical and legal issues are resolved at this stage (Constitutionality)
- Stage 6 - Implementation of the Treaty - Plans to implement the treaty are phased in as agreed

The pace at which any particular set of negotiations progresses through this format is completely variable and dependent on agreement or negotiated success at each stage.

Treaty Components

Treaty agreements are very comprehensive and generally redefine the relationship of the First Nation with the country at the Constitutional level. They include the following components at the Agreement in Principle (AIP) level (see above Stage 4).

1. Tangibles

- Priority access to resources (allocations, rights and tenures)
- Land (settlement lands and tenures)
- Economic incentives
- Cash & future fiscal relations

2. Non-Tangibles

- Governmental and jurisdictional powers
- Definition and means of establishment of government to government relationships

The items included in one of the 6 AIPs (Lheidli T'enneh) achieved through the process to date is provided below. These components are generally standard within all of the AIPs.

<ul style="list-style-type: none">• LANDS• ACCESS• ROADS AND RIGHTS OF WAY• FORESTRY• SUBSURFACE AND MINERAL RESOURCES• WATER• FISHERIES• WILDLIFE• MIGRATORY BIRDS• ENVIRONMENTAL PROTECTION• PARKS AND PROTECTED AREAS	<ul style="list-style-type: none">• CULTURE AND HERITAGE• GOVERNANCE• LOCAL AND REGIONAL GOVERNMENT RELATIONSHIPS• TRANSITION• FISCAL RELATIONS• CAPITAL TRANSFER AND NEGOTIATION• LOAN REPAYMENT• TAXATION• IMPLEMENTATION• DISPUTE RESOLUTION
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BC Treaty Process Goals

The specific goals and objectives of the B.C. Treaty Process are multi-faceted from most participating First Nation's perspectives. From a Federal and Provincial perspective they are intended to focus on the facilitation of a First Nation's self-sufficiency through economic participation. The following quotes from government sources and treaty documents emphasize the importance of economic development and self-sufficiency that is underlying the policy guiding the process.

1. "One of the primary functions of the Ministry of Aboriginal Relations and Reconciliation is the negotiation of treaties and other agreements with First Nations that facilitate economic investment in the land base and natural resources, and build capacity within First Nations" – BCTNO website
2. "Achieve settlements that allow First Nations to become engaged in and share in the economic and social development of British Columbia" – BCTNO website
3. "It is the shared objective of the Parties that Lheidli's contribution through their Own-Source-Revenue will be enhanced over time so as to reduce the Lheidli T'enneh Government's reliance on federal or provincial transfers" – Lheidli T'enneh AIP

Research Focus

The fact that a primary goal of the BCTP is the creation of self-sufficient First Nation communities through successful economic participation is central to this research. Given that the attainment of self-sufficiency through BCTP Agreements is essential:

- Self-sufficiency is reliant on economic success
- Success will be largely dependent on successful community business development and management, as access to the resources and opportunities will at least in part be controlled by the community's governing structure

The concept of community capitalism (vs. common property capitalism) is also an essential component to this research. First Nations communities pursue economic development for the purposes of bettering their communities and the lives of their members. Community enterprise is a reflection of First Nations culture which is community or communally-based in the case of most BC indigenous peoples. The model of business pursued by First Nations communities therefore differs somewhat from the common property model (see Appendix 1).

The following points enforce the importance of the community capitalism concept within the context of the BCTP and economic development:

- Resources and opportunities negotiated through treaty will be held "in trust" by the First Nations government structure. This means that to varying degrees, they must be managed collectively for the benefit of the community.

- A core opportunity available through the BCTP is to provide a degree of autonomy for First Nations communities; and possibly most importantly, “self government.” There is no intent on anyone’s part to modify cultural norms through the BCTP.
- From a practical viewpoint there is inherently more potential in achieving an improved standard of living through successful community capitalism than individual entrepreneurship.

Given the goals of the BCTP and its inextricable linkage with the community, the creation of successful community-based economic development must be considered an integral component of the process.

This research focuses on those constructs that facilitate economic success at the First Nations community rather than individual level. At the level of the individual entrepreneur one could generalize that the creation of economic success anywhere within the world where the western model of common property capitalism is prevalent is dependent on the same factors. However, at the community level, where the BCTP and much of the government sponsored economic development programming is focussed, unique factors and issues have been created that have impeded and continue to impede economic success. It is at this level and on this paradigm that this research is focussed.

Purpose and Objectives

There is a substantial body of literature surrounding the paradigm of First Nations communities, as outlined above, and their struggle for economic success. This paper provides a summary of the factors that appear to contribute to successful economic development within First Nations communities, summarized from both international (U.S.) and domestic research and experiences. Further, it explores the contents of two of the six Agreements in

Principle that have been negotiated in the BCTP relative to the factors that have been identified to lead to economic success. It provides an assessment of AIP components to determine if the potential exists for the existing “model” of BCTP Agreements to achieve the common goal(s) of economic improvement in First Nations communities. The objectives of this work are summarized as follows:

1. Provide an assessment of the economic potential of two AIPs based on how their components relate to the body of research and localized findings outlining what drives successful community-based economic development (do the AIP components complement or clash).
2. Determine if the existing model of settlements being achieved through the BCTP has the potential to achieve the process’s goals of increased economic success and an equalized or improved standard of living for First Nations people.

Addressing the following question is the primary purpose of this paper:

Are the Agreements being manufactured through the BCTP congruent with the constructs that have been identified to promote successful economic development in First Nation communities?

Methodology

The methodologies employed during the development of this paper are summarized as follows:

1. Review, analysis and summarization of the available information relating to First Nation communities and economic development
 - Defining the key challenges that must be overcome and the constructs that appear to be required in order to facilitate economic success and sustainability within the context of First Nations communities.
2. Completing several interviews/case studies with individuals that have worked on economic development within a First Nations context in the central interior of B.C.

- Validating the information found during the literature review and gaining additional insight on First Nations' economic experiences within the context of B.C.
3. Assessment of the components of two BCTP AIPs via a comparative exercise cross-referencing the information summarized from the literature survey and case studies.
 - Identifying AIP components that will limit or facilitate economic success
 4. Substantiating positive and negative components of the Agreements and providing recommendations as to the Agreements' potential to achieve their intended outcome: First Nations economic self-sufficiency.

Literature Review

A considerable amount of information exists relating to the challenges that North American First Nation groups face with respect to economic development. Relevant published primary literature was sourced from various journal databases. Further, grey literature (produced on all levels of government, academic and non-academic organizations, business and industry not controlled by commercial publishers) was collected from a variety of sources including contacts within First Nations, governments and consultants. Information collected was reviewed and summarized relative to the context and objectives of this work.

Interviews/Case Studies

Several individuals who have extensive experience working in the field of First Nations' economic development were interviewed. Their experiences included both business successes and failures. Case studies included both semi-structured interviews and unstructured discussion regarding the history, operation and management of the business

ventures they had observed during their relevant experience. The semi-structured portion of the interview was specifically intended to cross reference the findings of the literature review relative to each of the individuals' experience in economic development. The questions that were included on the semi-structured interview form (see Appendix 2) therefore reflected what the literature available indicated were critical factors in creating success for First Nations economic initiatives (7 economic success factors).

BCTP AIP Assessment

The degree to which the BCTP complements or clashes with the information outlined in the literature and derived from interviews/case studies conducted was assessed by analyzing two of the six AIPs that have been produced to date. These comprehensive agreements were qualitatively assessed for components that were congruent and incongruent with findings. The implications of what were deemed to be major issues of either incongruence or congruence were investigated and assessed. While these agreements are a matter of public record (website), permission was sought from the Lheidli T'enneh First Nation (Prince George) for the purposes of establishing contacts within each group. Considerable alterations to the components of AIPs are expected to occur between the AIP stage (4) and conclusion of a Final Agreement (5). Contacts within the Lheidli T'enneh negotiating team provided a means of assessing the directions negotiations were proceeding and how components of AIP were altered.

Results Part 1 – Literature Review

First Nations and Economic Development

The most comprehensive and what can be considered seminal research in the area of economic development within the context of Aboriginal communities stems from Stephen Cornell and Joseph Kalt's establishment of the Harvard Project on American Indian Economic Development (Harvard Project) within the John F. Kennedy School of Government at Harvard University in 1987. The Harvard Project began in response to two primary events:

1. A policy shift by the U.S. federal government toward tribal self-determination. This was in stark contrast to policy direction previously pursued, which focussed on acculturation.
2. With an increased ability to exert control over their own development goals and programs, tribes had taken differing development paths with varying degrees of economic success.

The primary research goal was to determine what strategies work around Indian³ country for reducing chronic poverty. At this time in the U.S., some tribes appeared to be making more progress than others in terms of reducing unemployment and sustaining tribal economies. Project researchers sought to find out what they were doing and why it worked. They carried out an extended study of the conditions under which self-determined economic development can be successful on Indian reservations. The core research method was a comparative analysis of development efforts on several reservations, and has grown to include 100s of

³ Throughout this paper, the terms Indian, Aboriginal, Indigenous and First Nation are utilized to refer to persons descended from pre-colonial populations of Indigenous peoples that possess particular relationships with the federal governments of Canada and the U.S. and specific rights to land and other resources stemming from original occupancy.

communities and continues today with a sister organization, the Native Nations Institute for Leadership, Management, and Policy of the Udall Center for Studies in Public Policy at the University of Arizona.

Key findings of this research are that natural resources endowments, location, and education are not the fundamental determinants in facilitating First Nations economic success. This is not to say that these factors don't matter. They are obviously beneficial towards the achievement of economic goals. The four items that were found to be key to successful development are highlighted in brief below (Cornell and Kalt 1990 and more recently Jorgensen and Taylor 2000), and then further discussed and elaborated.

1. **Jurisdiction** – exercising control over the development agenda and resources; coupling decisions and their consequences
2. **Institutions** – sending a message to “investors” that their investments will not be hostage to politics or corruption
3. **Culture** – matching formal institutions to indigenous conceptions of how authority should be organized and exercised, and matching political boundaries to collective identities
4. **Strategic thinking** – searching not for quick fixes but for ways of building societies-that-work, over the long run

The pattern found by Cornell and Kalt (1992) is that successful economic development within Aboriginal communities benefits non-Aboriginal communities as well, both directly and indirectly. Successful Aboriginal communities are reducing the needs for social programs, taking over functions previously provided by the federal government, supporting the education of Aboriginal community members and improving the quality of life on

reservations – all of which have a positive cumulative effect of reducing support burdens on the rest of society. The foundation of Aboriginal community economic prosperity relates directly to sovereignty and the rights and powers of self-governance and the ability of Aboriginal communities to exercise them effectively.

Jurisdictional Control; Self-Governance

An Aboriginal community undertaking genuine self-rule or jurisdictional control of their lands and decision making as it relates to resource allocations, project funding, development strategy and related matters, was found to be highly correlated to economic success (Cornell and Kalt 1992, 1998). In Canada this concept is more commonly referred to as self-government. Cornell and Kalt (1998) described jurisdictional control in this sense as a process of transferring outsiders from the primary decision making roles towards resource roles, and for the community to take their place as the primary decision makers in indigenous affairs. They found no cases where sustained positive economic performance had occurred when the Aboriginal community itself was not making decisions. However, they noted that this jurisdictional authority was a necessary condition for economic success but not sufficient on its own for sustained economic success.

In terms of a rationale as to why jurisdiction was an essential ingredient, Cornell and Kalt (1998) indicated that the assumption of primary control of decision making puts the development agenda in the hands of the Aboriginal community, avoiding the following effects:

1. Allowing decisions to be made by outsiders results in decision making that reflects outside priorities and agendas (i.e. principal-agent implications that further the agent's interests – protecting budgets, expanding authority, avoiding negative media

coverage – in this case referring to government bureaucrats). The main point being that decisions must reflect the Aboriginal community's agenda.

2. Secondly, the link between decisions and their consequences is important. Outsiders who are responsible for decisions bear fewer of the consequences, making the process (for Aboriginal communities) subject to a much less dependable and less disciplined learning curve. The community does not get to incorporate the learning associated with the decision making into a learning curve process for application in future decisions, which over time and with effective learning curve experience, improves the quality of decisions. Cornell and Kalt (1998) observed that Aboriginal communities were better decision makers with respect to their own affairs and futures than outsiders.

Cornell and Kalt (1994) equate a primary contributor to Aboriginal community poverty as the absence of the real ownership of their property. Ownership in this sense refers to the authority to solely manage the community's lands, resources and affairs. The maintenance of these ownership rights was and to some extent is somewhat publicly attenuated, but ultimately translates into a dilution of incentives for good performance. As Aboriginal communities come to "own" their resources, they plan, manage and bear the consequences of use more directly and more effectively respond and adapt to the incentives for the development of wise economic policies and management. This response can then be made in manners that are compatible with the Aboriginal community's cultural, political and economic situations.

Jurisdiction in this sense goes beyond what Cornell (2001) refers to as "operational administration," or the growing trends for Aboriginal communities to deliver services that

were once delivered by others at the local level. This administrative subcontracting allows Aboriginal communities to take some degree of ownership of service delivery at the local level, while the primary policy and financial decisions are still made by bureaucrats elsewhere. Cornell (1992) refers to the sovereignty, jurisdiction or self-rule as “Nation Building”; building aboriginal power to shape and reshape aboriginal futures, to build societies of their own design, to realize their own visions of practical, day-to-day, substantive decision making.

The provision of sovereignty has resulted from a policy directive (*The Indian Self Determination and Educational Improvement Act of 1975*) strengthening Aboriginal community’s authority over reserve lands, resources and affairs, and moving it away from federal jurisdictional control. The effectual component of this shift has been the transfer of decision making authority to the Aboriginal community (Cornell and Kalt 1994). Aboriginal communities that have successfully capitalized on this opportunity have done so by shutting down opportunities for rent seeking⁴ behaviour within their governing structures through the development of definitive rules of law (see below). This is key, and fundamentally a problem of enforcement, which is a relationship between Aboriginal community leaders and their constituents.

Governing Institutions

Self-rule, jurisdiction or sovereignty as it is applied above is not alone a sufficient precursor to economic success in Aboriginal communities. It must be exercised effectively in order to facilitate positive change. Cornell and Kalt (1992) found that the potential for economic success within First Nations studied increased as the First Nations developed and

⁴ Use of social resources for the purposes of fighting over the allocation of existing wealth rather than creating new wealth, which diverts scarce resources from productive uses.

adopted effective governing institutions and non-politicized dispute resolution mechanisms that eliminated opportunistic behaviour by elected officials, combated corruption and separated business and politics. Their second primary finding was that sovereignty in the absence of these effective governing institutions was not correlated to and unlikely to result in sustained economic development (1992).

In relating institutions to economic development in Aboriginal communities, Cornell and Kalt (1990) indicate that the specialization of peoples and subsequent process of exchanging with other specialists is key to the economic advancement of a society. The institutions of a community control and facilitate this exchange and can therefore be considered public goods that are the vehicles of collective action. Aboriginal communities are in control of this process to varying degrees as the institutions they develop will involve socioeconomic tradeoffs and can be designed to reject an economic certainty if the social costs are unacceptable.

Commonalities observed within Aboriginal communities demonstrate that economic development is pursued within the context of political, economic and sociocultural opportunities and constraints, as follows:

1. Political – the structure and power of political institutions; the Aboriginal community's system of self-governance
2. Economic – how economic activities are organized and pursued and who the primary actors are
3. Development – what projects to undertake, scale and timelines

Most Aboriginal communities focus on the last of these three in terms of which development activities to undertake, at the expense of attention to their political and economic systems.

Cornell and Kalt (1990) equate this as a major cause of the underdevelopment of many Aboriginal communities. The structure and power of political and economic institutions are required before effective decisions about development alternatives can occur.

In terms of a rationale as to why effective governing institutions were an essential ingredient to the creation of economic success, Cornell and Kalt (1992) indicated the primary positive effect was buy-in by investors. Effective institutions send a positive message to potential investors increasing the chances of investment. Investors in this sense refers not only to providers of capital (government, private), but also to those who may contribute ideas, energy, time (i.e. Aboriginal community members). Achieving the confidence of community members is as important as that of capitalists in this scenario, as community members make their decisions to pursue a path (i.e. job, entrepreneur, schooling) that complements their community's economic initiatives on the same criteria as outsiders. They consider where their investment of time, money, energy or ideas will likely to be most productive, satisfying and secure. Cornell and Kalt (1992) found effective governing institutions to be a central provision on which development success in Aboriginal communities turns. They must reflect the fact that investors have choices and send a message that can shape investors' choices.

Thus, governing power (self-rule) must be supported with governing capabilities. This is not a finding that is unique to Aboriginal communities. It is the case the world over that governmental structure and capacity are indispensable to economic development and progress against social ills. A common culture, substantial resources, heavy investment in education, and infusions of outside funds have proven to be insufficient to generate economic and social success (Grindle 1997). Governments set down the rules of the game that give

people incentives to be productive or destructive, to make investors and workers feel secure or flee. As such, governments, through their institutions, can make or break a society's economy and social fabric (Cornell and Kalt 1992b).

Culture Matters

The third major finding of Cornell and Kalt (1992b, 2000) was that the governing institutions of an economically successful Aboriginal community had to have a "cultural match" with the prevailing beliefs of the community. For the purposes of mobilizing the community's energies and resources on behalf of productive economic development, the governing institutions have to have the support of the primary group they affect, the community members themselves. The fit that was described was assessed to be that between the formal institutions of governance and the indigenous conceptions of how authority should be organized and exercised. Variance in the governing institutions from the indigenous political conceptions of what is acceptable fare worse than those that are in line with the conceptions with regard to garnering the support and confidence of the community and thus facilitating success.

In providing a rationale as to why "matching" governing institutions were an essential ingredient to the creation of economic success, Cornell and Kalt (1992b) implicated the U.S. government's historical (and ongoing) imposition of standardized governmental institutions on Aboriginal communities, through which the majority of Aboriginal communities in the contemporary environment now attempt to achieve their goals. These governing institutions were not conceived as tools for management of sovereign societies and they are ineffective in this respect. In many cases they are at odds with indigenous political cultures and find little support or respect in Aboriginal communities.

Successful Aboriginal communities were noted to have solved the problem by adopting or inventing institutions that:

1. Were a match to the contemporary state of their political culture
2. Were capable of governing effectively

Cornell and Kalt (1992b) noted that this did not equate to a return to tradition and described the challenge as one of determining the resonance between formal institutions and what the current broadly held community view is with respect to the governing institutions that are appropriate for them.

Cornell and Kalt (1990, 1992, 2000) conclude that the key is that economy follows sovereignty, but that a changed political situation allowing sovereignty only makes economic development a possibility, it by no means guarantees it. Culturally appropriate and effective governing institutions are fundamental, and of the obstacles that Aboriginal communities themselves can directly affect, the institutional ones are paramount. As Aboriginal communities develop formal and informal mechanisms of governance and social control, they empower themselves. While the problems and challenges Aboriginal communities face may share many commonalities, the mechanisms used to surpass these obstacles must be specific to each Aboriginal community's set of opportunities and constraints. It is critical that culture be used as a strategic guide in the development of these mechanisms, as it informs and legitimizes conceptions of self, of social and political organization, of how the world works, and of how the individual and the group appropriately work in the world. Aboriginal communities have collective templates that describe how they can and should organize themselves and respond to the political, economic and social conditions they encounter.

Thus, governing institutions and development strategies that reflect and complement these cultural factors will invoke acceptance of and support by the collective. In the absence of the ability to make collective decisions and sustain collective action, and if Aboriginal communities lack the institutional structures necessary to maintain a hospitable environment for human and financial investment, their resource endowments, and any accessible human and financial capital, will be of little use.

Cornell and Kalt (2000) further assessed the importance of the “cultural match” concept within an Aboriginal community’s governing institutions. Effective institutions that create a separation of powers, and include checks and balances that restrain rent-seeking behaviour, are necessary but not alone sufficient precursors to economic development. However, institutions that are not culturally matched⁵ to an Aboriginal community are less likely to produce the informal social controls that regulate free-riding and defection, which undermine economic development through the community instability and rent-seeking behaviours that result. Their finding substantiated the theory that consideration and incorporation of informal social controls into an Aboriginal community’s institutions are fundamental to successful development.

Strategic Thinking

While anecdotal, a fourth primary contributor to economic success was suggested (Cornell and Kalt 1992). Those Aboriginal communities that thought strategically were more economically successful than those that didn’t. While this may seem like an obvious finding, Cornell and Kalt (1992) point out that one must look at the legacy of the last 100 years in

⁵ Congruence between pre-constitutional norms of legitimacy concerning the role of governmental power and the formal institutions of government – Cornell and Kalt (2000).

Aboriginal communities, which has been characterized by an absence of the need for strategic thinking:

1. Political and economic control has been largely at the hands of outsiders, leaving little incentive for strategic thinking. Aboriginal communities generally have had little power or resources to implement a thoughtful development strategy.
2. Aboriginal communities are characterized by desperate economic and social conditions. There are pressures on elected leadership to act quickly, terms of office are generally short, leading to frequent turnover, and there is therefore a tendency to look for quick relief. The general focus is on what can be funded, with less attention to sustaining than starting an initiative and little attention to long-term goals, priorities or concerns.

A strategic approach would include a systematic examination of assets and opportunities and priorities and concerns within an Aboriginal community, including the prices the community is willing and unwilling to pay for development. What generally occurs now is a reaction to pressures of the moment or funding decisions made far off by governments serving diverse interests with limited local knowledge (Cornell and Kalt 2001).

Harvard Project Literature Summary

None of the business success factors identified through the research led by Cornell and Kalt is “classifiable” as economic. Their research indicates that the primary factors in transitioning Aboriginal communities toward economic success, sustainability and self-reliance are political. Economic development is first and foremost a political problem. The focus of efforts has to be on equipping Aboriginal communities with the institutional foundations necessary to increase their capacity to effectively assert self-governing powers

on behalf of their own economic, social and cultural objectives (what is referred to as the nation building approach⁶). Economy follows sovereignty. It is not simply a matter of transferring institutions from the dominant society to Aboriginal communities, but in addition to being effective, these governing institutions have to garner and hold the support of the community, which normally means they have to be developed by the community.

These findings are supported by other U.S.-based research. Vinje (1996) looked for the factors that were the best statistical estimators of poverty levels in a number of Aboriginal communities for a 20 year period during the 1970s and 1980s. He found educational attainment was the single most important explanation for the pattern of poverty rates found on the twenty-three reservations. He offered the explanation that; increasing the community's educational attainment level will aid directly in improved living standards through better health and nutrition, and indirectly through the creation of a labour force better able to meet the job requirements of economic development projects. Resource endowments and other economic factors did not correlate.

Getting to Nation Building

Cornell et al. (2005) have extended their research efforts to explore why some Aboriginal communities seize upon the nation building strategy in order to take effective control of their futures and others don't. Studying the processes that take place in the Aboriginal communities that take action in this regard, they have found that "foundational change" in an Aboriginal community arises when the external and internal conditions a people face interact with their interpretations of their situation, producing a new shared story

⁶ Efforts to reclaim power over their own affairs, reorganize relationships with other governments, rebuild institutional capacity for effective governance and move toward improved and self-determined economic and community welfare.

of what is possible and how it can be achieved. The keys to affecting this story are found in proactive decisions to alter internal and external situations, acquire culturally-based knowledge of what is feasible and required, and exercise leadership, especially in educating the community of the direction required for foundational change (leading towards nation building).

Getting to this stage has been found to be dependent on a number of factors. Cornell et al (2005) summarize the process of how an Aboriginal community relates to a logic of action or inaction, as follows:

1. External situation – the political, economic, legal and other environmental challenges or opportunities that can control available realm of actions
2. Internal situation – the assets and handicaps an Aboriginal community may possess, which could include fractionalization, a lack of human capacity or relevant skills, or an absence of effective or acceptable governing institutions
3. Interpretations of the situations – Individuals or the community's collective interpretations of the external and internal situations determines whether or not people will act
4. Action (or inaction) – The decision or ability to act is a product of components 1-3, which can facilitate or hinder the decision

Cornell et al (2005) have suggested that interpretation is key to this process in that it doesn't really matter what the situation is, the importance is how it is perceived in terms of an individual's or a collective's ability to believe that change can occur. Its importance is further stressed in recognition that of the four constructs in the process above Aboriginal communities possess the most immediate control over this factor. Changing 1 and 2 can be

time consuming and dependent on outside forces, whereas interpretation is changed wholly internally.

Assuming that action or inaction is decided upon via the interpretation of a situation(s), Cornell et al (2005) use Benford and Snow (2000) to describe their perception of the steps entailed in deciding on action or inaction with relevance to Aboriginal communities and a nation building directive.

1. Realization that something is wrong – Recognition of dependency or other issues impeding development or community health, and that they are not acceptable
2. Realization that things can be different – Must hold a belief that the problem can be helped
3. Decide that its up to us to change – Recognition that it can not be left to outsiders to make foundational change, that implicit in the assumption of self-rule is acceptance of responsibility for change
4. Belief that they can effect changes – Belief in their ability to make change
5. What needs to be done – Recognition of what the problem stems from and what actually has to be changed to improve the situation
6. Decision to act – At some point there has to be action taken to pursue the change

This process of interpretive mobilization constitutes the intuitive process of understanding the problems facing the nation and the manners in which they can be solved and then taking action. The six step process is said to create a story of why things are the way they are and how they will be changed.

In a further effort to decipher the action or inaction taking process, Cornell et al (2005) describe the points of importance affecting peoples' interpretations of their situations, or the

factors that create and shape the “story,” and therefore determine the likelihood of action. These include an Aboriginal community’s situations, culture, knowledge and leadership.

- a. Situations – Internally, lack of cohesiveness or factions make it impossible to get to a real single story. Externally, legislative environment may affect decision.
- b. Culture – Changes over time with new experiences and knowledge. Some Aboriginal communities have adopted a culture of dependency (on federal funds, control and assistance) and look to others to solve their community’s problems. This must be overcome and there must be acceptance of the responsibility for driving the change internally.
- c. Knowledge – Understanding what is necessary and what will effectively address problems informs what needs to be done. This knowledge stems from experience, such as education and past successes, and in some cases failures.
- d. Leadership – Ultimately important role for seizing the future and proposing new courses of action and compelling community to join. Leadership has to pay particular attention to the importance of strengthening the Aboriginal community’s judicial system and providing for a separation of powers.

These factors in the process of “situation interpretation” are interrelated and all four aren’t required to start a path toward nationhood, the key task is getting the story right. Finding and empowering suitable leadership is a difficult challenge considering the multi-faceted role that they must effectively play (Cornell et al. 2005).

Canadian Context

Recognition of the need, importance and benefits of facilitating sustainable economic development within the context of Canadian Aboriginal communities has been expressed

with increasing prevalence by both Aboriginal communities and the federal government. NAFT (1996) indicated that the most effective way (and probably the only way) for Aboriginal communities to address their current socio-economic challenges is to create wealth through business activity. The Attorney General of Canada (2003) recognized the substantial gaps in key economic indicators such as employment and income between Aboriginal and non-Aboriginal people and, that closing these gaps would reduce poverty among Aboriginal peoples, resulting in lower social and financial costs. Ghebremichael and Kubursi (2003) state that compensation, transfer payments, or other injections of money that do not build capacity and economic infrastructure in the Aboriginal economy will have only temporary effects, most of which will seep out of the local economy. Loizides and Wuttunee (2005) indicate a general consensus among leaders in traditional Aboriginal communities that economic self-sufficiency must come about through the establishment and growth of business enterprises within the communities. ICAB (2005) indicate that more and more Aboriginal communities are increasingly developing the capabilities needed to become self-reliant by controlling their economic development in the context of nation-building. And, as indicated at the beginning of this paper, the achievement of self-sufficiency through economic development is a primary focus of the BCTP.

Related to the recognition of the importance of economic development, there is a growing body of Canadian-based research focussing on the issue of economic development specific to Canadian First Nations communities. It is somewhat apparent that there has been a strong central-eastern and northern focus on this research, perhaps owing to the more recent conclusion and attempts at conclusion of treaty and land claims settlements with western First Nations groups. The opportunities and possibly the need to stimulate economic

development have therefore likely had a stronger focus in central-eastern Canada and more recently in the north.

Canadian Aboriginal Economic Development

In the absence of few successful examples of community directed First Nations enterprises at the time of her research, Dacks (1983) recognized the potential value and applicability of community capitalism for improving economic and social conditions in Aboriginal communities. Issues or challenges that this form of enterprise would be required to overcome within the context of Aboriginal communities were identified as:

1. Praxis – funding to support initiatives – combating the cycle and reputation of failure
2. Relation of the community to the nation – benefits of settlements (financial and power) will be held communally – manners in which this will be managed and controlled on behalf of and for the betterment of the community
3. Consumer issues – the needs of the community relative to the operation and management of the enterprise
4. Capital flow – what principles will determine whether and in what quantity it will be made available to the enterprise – what extent will financial support by the community agency enable it to participate in the affairs of the enterprise? – separation of political from business affairs
5. Participation in decision making – relationships between the community, the Band council and the development enterprise

Many of the issues and concerns identified relate to strategic planning and governing institutions that have the support of the community and are designed to be effective and to

promote success. They reflect what Cornell and Kalt later went on to substantiate as fundamental factors in U.S.-based First Nation economic development.

From their case studies of Canadian Aboriginal community business developments Anderson and Bone (1995) identified eight characteristics of economic development among Aboriginal People in Canada. They are as follows:

Approach

1. Predominantly a collective one centered on the individual nation or community and its identity

Purposes

2. Attaining economic self-sufficiency as a necessary condition for the realization of self-government
3. Improving the socioeconomic circumstances of Aboriginal people
4. Preserving and strengthening traditional culture, values and languages and reflecting the same in development activities

Processes

5. Creating and operating businesses to exercise the control over the economic development process
6. Creating and operating businesses that can compete profitably over the long-run in the global economy, to build the economy necessary to support self-government and improve socioeconomic conditions
7. Forming alliances and joint ventures among themselves and with non-Indigenous partners to create businesses that can compete profitably in the global economy

8. Building capacity for economic development through education, training and institution building, and, the realization of the treaty and Indigenous rights to land and resources

Cornell and Kalt's (1989) primary findings of sovereignty, institution building, cultural match and strategy are inherent within the 8 characteristics of the Canadian Aboriginal communities' approach to business development summarized by Anderson and Bone (1995).

In defining the prevailing Aboriginal community approach to economic development in light of western economic theories that attempt to describe/predict the transition of underdeveloped economies to a more developed capitalist state, Anderson (1996) describes Aboriginal community economic development within the context of an amalgam of regulation theory, the postimperial perspectives and alternative/Indigenous approaches into a single "contingency perspective." According to this perspective on economic development, participation in the capitalist economy can serve the interests of a developing region or people. Whether it results in the benefits sought is dependent on the characteristics and actions of the parties involved (see Anderson 1995).

While relatively unique as an approach to business within the context of western economic theory, he found from his examination of several available Canadian case studies, that the Aboriginal community-approach outlined above was effective and was demonstrating success, both in terms of contemporary business measures and relative to the anticipations of the Aboriginal communities implementing these approaches. He surmises that the emerging Aboriginal approach to development is well conceived and consistent with development theory.

Further, Anderson has found that a highly prevalent Aboriginal community-approach to economic development utilized to create success in this regard involves building alliances with non-Aboriginal businesses, as well as other Aboriginal community's businesses. He identified the four factors that motivate this behaviour on the part of corporations as follows (Anderson 1997):

- a. Society's changing expectations about what constitutes socially responsible corporate behaviour
- b. Legal and regulatory requirements and restrictions
- c. The growing aboriginal population, and its increasing affluence and level of education
- d. The rapidly growing pool of natural and financial resources under the control of aboriginal people.

He describes how corporate emphasis and the importance of these factors has transitioned over time from a legal-access (cost – short-term) approach to a strategic (value – long-term) approach, and the value and benefit inherent in the differing approaches along this continuum of rationales. He states that the trend in corporate approaches toward alliance development as a strategic move, as opposed to legal compliance, augurs well for First Nations' economic development in the future.

The Auditor General of Canada – AGoC (2003) identified barriers to successful economic development that Aboriginal communities face, including:

1. Accessing natural resources – off-reserve resources continuing to be exploited during negotiations and difficulty gaining/controlling access for their commercial purposes – on-reserve are managed federally

2. Accessing capital – the inability to utilize reserve lands and resources as collateral, the expectation that financial benefits received through land settlements and other agreements will be utilized for business investment when they are required for other needs, such as infrastructure
3. Challenges with federal business support programs – onerous reporting requirements of funding programs, problems with federal funding sources including their low risk tolerance, slow approval processes, and narrow criteria
4. Institutional development assistance programs – general lack of resources in this regard, especially in the early stages of development, leading to instability in business projects after their initiation
5. Penalization of the achievement of success by losing federal funding as their own revenues begin to grow – short sighted approach
6. Indian Act processes – difficulty in accessing funding derived from on-reserve developments managed by INAC, inefficiencies in legal designation and record management issues that must flow through INAC

These barriers were cited by Aboriginal communities as increasing their costs of doing business and impeding economic development. They reflect those identified as challenges facing U.S. Aboriginal communities by Cornell and Kalt.

The AGoC (2003) study intended to assess how the institutional arrangements of several successful Aboriginal communities contributed to their economic development. The institutional arrangements examined included the organizations (political, government and business), rules (treaties, agreements, laws, regulations and policies), and practices (strategies, plans and certifications) that structure economic interaction for reserve-based

First Nations. The successful practices observed within Aboriginal communities that assisted them in overcoming the barriers identified included:

1. Developing a vision to guide economic development
2. Establishing institutional arrangements – separation of politics, government administration and business management is key – limited leadership pool was cited as a challenge in this regard; establishing policies regarding reinvestment was key to sustaining success; self-government arrangements assisted this process
3. Partnering with others to benefit from economies of scale and expertise – partnering with other communities and non-Aboriginal organizations also facilitated institution development and access to capital

The successful practices identified by AGoC (2003) reflect Cornell and Kalt's findings, although there is less emphasis on the importance of jurisdictional control, and as with Anderson's findings, corporate alliances were identified as a contributing factor to increasing potential for economic success.

The federal government of Canada is a key contributor to Aboriginal community economic development through its programs and regulatory functions, much the same as in the U.S. They have assisted many successful Aboriginal communities' businesses, including assisting with the development of institutional arrangements. However, federal support for institutional arrangements is insufficient to assist Aboriginal communities overcome the barriers that have been identified and take control of their economic development.

Loizides and Wuttunee (2005) identified the factors that contributed to successful wealth and employment creation in 10 exceptional Canadian Aboriginal communities that are geographically distinct. The communities all shared a desire to become self-reliant and

control their economic development, and chose to establish community owned businesses. Each community had its own unique profile, but all were found to share the same approach to wealth and employment creation. They use sound governance and management practices in their business practices to meet market demand, and they incorporated the values of sharing, community decision making and respect for tradition.

They identified six key factors that contributed to the success of their Aboriginal community-owned enterprises.

1. Strong leadership and vision – Leadership in this sense referring to political leadership providing and compelling a vision of what the community needs to do to create wealth.
2. Strategic community economic development plan - A plan developed through consultation with the community that incorporates the community's strengths and assesses the available business opportunities. It also specifies how profits from the enterprise will be used.
3. Access to capital markets and management enterprise – Creating a development corporation, which improves potential for access to capital and provides a semi-autonomous environment in which the business can be managed, is the common manner in which these issues were addressed.
4. Good governance and management – This was essential to successful business establishment and operation. The directors of the business and managers must work in a cooperative and unified way and share all information.

5. Transparency and accountability – Directors and management must put in place effective systems of governance, transparency and accountability that emphasize community control and fiscal responsibility.
6. The positive interplay of business and politics – Interplay of politics and business in Aboriginal community-owned enterprise is dynamic and complex. Political figures are often directors of the enterprise and create problems when they participate in less than strategic level management issues. Acceptable protocols must be established to clarify director's roles and responsibilities and reduce political interference.

These findings are completely inclusive of the primary components of Cornell and Kalt's findings and the nation-building approach. Loizides and Wuttunee (2005) also state that Aboriginal communities, which are legally and geographically defined, as compared to urban communities, generally have clear rules of membership and residency as well as a fairly homogenous culture. These factors were reflected in components 1 and 2 of their 6 key findings, as they relate to allowing the community to develop the economic plan, and therefore promote a community consensus for it in the process.

ICAB (2005) observed the factors that a number of Aboriginal communities cited as important in the development of their successful alliances with non-Aboriginal corporations as an economic development strategy. The Aboriginal communities cited the following as important rationales for developing partnerships of this nature:

1. Re-establish a management role in land, water and resources
2. Generate revenues/profits
3. Acquire business expertise
4. Access capital

A key factor identified in corporate-Aboriginal partnerships is the role the community plays in decision making. The long separation of Aboriginal communities from mainstream Canadian society and economy has created conditions that do not foster an understanding of or affinity for business. A sustained effort by leadership was identified as being key to achieving a consensus to take the leap of faith into what is seen as a new arena ICAB (2005). It is also key that these build on long-term goals and the role that business development plays in achieving the vision. After achieving these objectives, protecting business from political interference was seen as a priority.

ICAB (2005) also recognized that as Aboriginal communities assert their nationhood, economic development becomes crucial to their ability to institute effective mechanisms of governance. Broad nation building requires a pool of funding and expertise to develop and manage the nation-building facets of economy, resources and administration. While this varies somewhat on Cornell and Kalt's assertion that economy follows sovereignty, it recognizes the integral relationship between the two.

Summary – Literature Review

The majority of research focussing on economic development within the context of Canadian Aboriginal communities supports the findings of Cornell and Kalt's U.S.-based research. The Canadian analyses of this issue lack the cohesiveness of a single comprehensive (quantitative) literature base offered by the Harvard Project, but provide sufficient insight into the challenges Canadian First Nations face, and the fundamental requirements that groups need to overcome these challenges to achieve economic success. Inherent in these differences is somewhat of a Canadian focus on external factors that contribute to success, and a U.S. focus on the internal factors (within an Aboriginal

community) that are required for long-term success. Regardless of the differences between research stemming from the Canadian and U.S. situations and the unique focus and objectives of specific researchers, it is apparent the available information on the issue complements itself and provides a sound platform from which to assess:

1. Its relation to economic development experiences in “local” Aboriginal communities in the central interior of BC
2. The agreements being developed through the B.C. Treaty Process and how they relate to what are known to be barriers to economic development, and the factors that have been demonstrated to have a fundamental impact on the ability to achieve economic success

To this end, the findings of the literature have been compiled into two categories of seven economic success factors, as outlined below, which served as the comparative tools for the semi-structured interviews conducted and the BCTP AIPs assessed.

Non-Economic/Political Constructs

The factors that promote or inhibit economic development in First Nation communities are in many cases inherent within the framework of the nation-building approach outlined by Cornell and Kalt (1990). They are common to both First Nations occurring in Canada and the U.S. These can be generalized to be the non-economic factors of economic success, which largely focus on internal aspects of the community. They are critical organizational constructs that have to occur or exist within a community before sustained economic success can occur. They largely focus on the requirements for transition from the historical paradigm that has been created, which essentially opposes effective organizational development and stems from imposed governmental and institutional form. They are best described by the key

factors identified by Cornell and Kalt (1990) and Cornel et al (2005). Economic success factors 1-3 are constructs that facilitate economic success, factor 4 occurs as a result of factors 1-3 and improves the chances of economic success, and factor 5 outlines the processes that will facilitate transition within a community, allowing factors 1-4 to occur.

1. De facto Sovereignty (Jurisdiction, Self-Governance)

- a. The ability to exercise control over the community's development agenda in a manner that reflects and constitutes "ownership" of lands, resources and affairs.
- b. Beyond "operational administration," or the growing trend for Aboriginal communities to deliver services.
- c. The coupling of decisions with their consequences as communities plan, manage and bear the consequences of use more directly and more effectively respond and adapt to the incentives for the development of wise economic policies and management.
- d. "Nation Building"; building aboriginal power to shape and reshape aboriginal futures, to build societies of their own design, to realize their own visions of practical, day-to-day, substantive decision making.
- e. Shutting down of rent seeking – Use of social resources for the purposes of fighting over the allocation of existing wealth rather than creating new wealth, which diverts scarce resources from productive uses.

2. Governing Institutions

- a. Effective governing institutions must exist to allow the power created by de facto sovereignty to be exercised effectively in order to facilitate positive change

- b. These include “the rules” of the community that facilitate non-politicized dispute resolution mechanisms, eliminate opportunistic behaviour by elected officials, combat corruption and separate business and politics.
- c. Institutions First Nations develop will involve socioeconomic tradeoffs and can be designed to reject an economic certainty if the social costs are unacceptable.
- d. In combination with jurisdictional authority (Aboriginal community’s system of self-governance), the institutions must effectively organize economic activities and control how they will be pursued and who the primary actors will be – before effective decisions about development alternatives can occur.
- e. Institutions must facilitate buy-in by investors, including achieving the confidence of community members.

3. Cultural Match

- a. Governance structures and associated institutions must match indigenous conceptions of how authority should be organized and exercised.
- b. Governing institutions have to have a “cultural match” with the prevailing beliefs (contemporary state of their political culture) of the community.
- c. The institutions must be appropriate for the management of sovereign societies.
- d. They must be specific to each Aboriginal community’s set of opportunities and constraints.
- e. Culture must be used as a strategic guide in the development of these mechanisms.
- f. Governing institutions and development strategies that reflect and complement these cultural factors will invoke acceptance of and support by the collective.

These three factors taken together form what Cornell (2001) refers to as the Nation-Building Approach, whereby a First Nation sets upon a concerted direction of asserting nationhood, reclaiming power over their own affairs, reorganizing relationships with other governments, rebuilding institutional capacity for effective governance and moving toward improved and self-determined economic and community welfare. They contribute to a First Nation developing a strategic approach towards economic development, the fourth success factor.

4. Strategic Approach

- a. The governing powers and institutions of the community must culminate in an approach to business that follows a systematic examination of assets and opportunities, and community priorities and concerns.
- b. The approach must include an effective manner of measuring and responding to what the community is willing and unwilling to pay for development.
- c. The approach must preclude the non-strategic reaction to pressures of the moment or funding decisions made far off by governments serving diverse interests with limited local knowledge.

5. Leader(s) – Interpretive Mobilization

Finding and empowering suitable leadership to compel and guide a First Nation through the processes described above is fundamental. The champion(s) must interpret their community's situation, acquire culturally-based knowledge of what is feasible and required, and exercise leadership, especially in educating the community of the direction required for foundational change. This process of interpretive mobilization constitutes the intuitive process of understanding the problems facing the nation and the manners in which they can

be solved, and then taking action. The points of importance affecting peoples' interpretations of their problems or issues include a First Nation community's situations, culture, knowledge and leadership.

- a. Situations – Internally, lack of cohesiveness or factions make it impossible to get to a real single story. Externally, legislative environment may affect decision.
- b. Culture – Changes over time with new experiences and knowledge. Some Aboriginal communities have adopted a culture of dependency (on federal funds, control and assistance) and look to others to solve their community's problems. This must be overcome and there must be acceptance of the responsibility for driving the change internally.
- c. Knowledge – Understanding what is necessary and what will effectively address problems informs what needs to be done. This knowledge stems from experience, such as education and past successes, and in some cases failures.
- d. Leadership – Ultimately important role for seizing the future and proposing new courses of action and compelling community to join. Leadership has to pay particular attention to the importance of strengthening the Aboriginal community's judicial system and providing for a separation of powers.

Finding and empowering suitable leadership is a difficult challenge considering the multi-faceted role that they must effectively play (Cornell et al. 2005).

Practical/Economic Constructs

Within the specific context and uniqueness of the Canadian literature on the subject, additional factors have been identified as key to maintaining and increasing the rate at which Aboriginal communities are successfully developing economies. These factors relate to some

degree to the evolving Canadian legal context surrounding Aboriginal Rights, and other more specific and direct or practical constraints on development potential. They can be considered practical economic constructs that facilitate success, on a short-term or long-term basis.

6. Business Alliances

Within the specific context of economic development in Canadian Aboriginal communities, research has indicated that the development of alliances with non-Aboriginal businesses is one of the preferred and most common methods of initiating economic development. Several factors have been identified from both the perspective of First Nation communities and corporations that drive this behaviour. From a corporate perspective they include:

- i. Society's changing expectations about what constitutes socially responsible corporate behaviour
- ii. Legal and regulatory requirements and restrictions
- iii. The growing aboriginal population, and its increasing affluence and level of education
- iv. The rapidly growing pool of natural and financial resources under the control of aboriginal people

From the perspective of Aboriginal Communities, the benefits sought through these arrangements include:

- v. Re-establishment of a management role in land, water and resources
- vi. Generation of revenues/profits
- vii. Acquisition of business expertise
- viii. Access to capital

7. Economic/Practical Constraints

A number of direct practical economic constraints were identified within the Canadian literature as impediments to success. They were best summarized by AGoC (2003) as follows:

- a. Accessing natural resources – difficulty gaining/controlling access to off-reserve resources for their commercial purposes – federal management of on-reserve
- b. Accessing capital – the inability to utilize reserve lands and resources as collateral, the expectation that financial benefits received through land settlements and other agreements will be utilized for business investment when they are required for other needs, such as infrastructure
- c. Challenges with federal business support programs – low risk tolerance, slow approval processes, and narrow criteria – onerous reporting requirements
- d. Institutional development assistance programs – general lack of resources in this regard, especially in the early stages of development, leading to instability in business projects after their initiation
- e. Penalization of the achievement of success by losing federal funding as their own revenues begin to grow (OSR) – short sighted approach
- f. Indian Act processes – difficulty in accessing funding derived from on-reserve developments managed by INAC, inefficiencies in legal designation and record management issues that must flow through INAC

These economic success factors 1-7, and various interrelationships between them, have been identified within the available literature on the subject to be the fundamental constructs and

factors that impede or facilitate economic development success and sustainability within the context of First Nation communities.

Results Part 2 – Factor Verification

For the purposes of assessing and verifying the relevance of the factors identified from the literature review within the “local” context, a series of 3 semi-structured interviews were conducted with individuals from the central interior of B.C. All individuals had or continue work in the area of First Nations economic development. All had observed or been a part of successes and failures within this context. The focus of the interviews was an assessment of the relevance of each of the 7 economic success factors that had been identified as being important to development and sustainability within the context of First Nations. The survey questions utilized are provided in Appendix 2. A summary of the individuals’ key experiences and backgrounds as they relate to this research were documented. Further, their responses to each of the questions and ensuing discussion are provided in a narrative format in Appendix 3. Signed informed consent statements are provided in Appendix 4.

Jurisdictional Control and Self-Governance

All of those interviewed agreed that governance control and reserve land jurisdictional control through the *Indian Act* was a major impediment to economic development and self-sufficiency. Even though some had observed sustained economic success, INAC control was a key issue.

Rationales – Jurisdictional Control and Self-Governance

Rationales cited for this factor being an impediment varied and included:

1. The social paradigm that this system has created was indicated as a primary factor. It largely translated to an absence of capacity within First Nations. Capacity in this sense was defined broadly and included:
 - a. Education, a work-ethic, a lack of understanding of the concepts of business or economic development (why or how these concepts were important)
 - b. Distrust in both outsiders and leadership (condemnation of anything leadership may attempt)
 - c. An inability to envision an improved or self-determined position

These issues were largely relatable to the 5th factor of Leadership-Interpretive Mobilization and are discussed below.

2. The “environment of distrust” that created a desire for First Nations to want to do things on their own (without outsiders), which combined with a lack of business expertise and capacity, hampered their efforts.
3. Third party authority over resources forced non-strategic actions in order to attempt to work around impediments (greater effort and risk than necessary).
4. An absence of direct jurisdiction over reserve land and resources. This necessitated time consuming delays when dealing with INAC over developments on reserve or the extraction of resources.
5. Legal issues that would not allow the use of a First Nation’s assets for the purposes of accessing capital.
6. INAC’s mentality of control through funding and auditing negates potential for development. This system also involves self-interest (agency effects) on their part.

7. The general incongruence of the Chief and Council governance system under INAC authority with any model that might facilitate business development. The INAC model was stated to be too slow and cumbersome for the speed with which decisions related to competitive enterprise are required. It created risk for a leader motivated to make change occur.

Adaptive Measures – Jurisdictional Control and Self-Governance

In all cases, the interviewees had facilitated or observed specific behavioural adaptations to allow success to occur despite this impediment.

1. The most commonly observed adaptation was for First Nations to develop a separate legal entity to “house” economic initiatives. These were either under the umbrella of the First Nation’s legal status or completely separate. These entities held their own governance structures and institutions and held some connection to the interest of the First Nation. These entities allowed for the development of governance structures specifically intended to facilitate economic initiative(s) on behalf of the community.
2. Two of the former Chiefs interviewed had led their communities through the *First Nations Land Management Act*, federal legislation that allowed their communities to develop land codes for their reserve lands and exclude Canada’s (INAC’s) jurisdictional control over their reserve land base. This negated the requirement for INAC’s authorization for development but it was undetermined at this point as to whether or not it will solve the issue of utilizing reserve lands and resources for collateral.
3. Individuals undertook independent efforts to pursue opportunities and then demonstrated their value to the community in order to achieve consent among the community’s leadership (a means of coping with the slow decision making processes).

4. In one instance a community had secured an Evergreen Forest License with a major forest licensee operating within their territory. The guaranteed nature of this license allowed the community to utilize it to obtain capital.

Governing Institutions

Interviewees indicated that a lack of effective governing institutions had been a major impediment to economic development and its sustainability, and that they had seen this issue addressed in various ways.

Rationales – Governing Institutions

Rationales cited for Governing Institutions being an important economic success factor included:

1. Absence of guidelines that allowed a separation of community politics from the operational aspects of business. Where this had been accomplished successfully, profit generating businesses had had a longer life.
2. They are an absolute requirement for allowing long-term planning to take priority. Without effective institutions to guide the community's business planning process, and how it interacts with business operations, the wrong decisions were normally made.
3. They are required to direct revenues between businesses and the community.
4. Some community members opposed development because they were distrustful of how they would be managed and who would receive the benefits. Institutions could appease this distrust.
5. Most stated the development of such institutions was a challenge due to a lack of community capacity (distrust and an impaired will to self-govern).

Adaptive Measures – Governing Institutions

In all cases, the interviewees had facilitated or observed specific behavioural adaptations to allow success to occur despite this impediment (i.e. under the INAC governance model there is an absence of institutions that allow for the effective management of a business, and First Nations undertaking economic development develop ways of dealing with this issue).

1. As identified above, the creation of separate legal entities attempted to address this issue.

These entities held their own governance structures and institutions and held some connection to the interest of the First Nation. These entities were intended to allow for the development of governance institutions specifically intended to facilitate economic initiative(s) on behalf of the community.

2. Also as above, the Land Codes developed carried with them a community driven process of institution development that would allow for the use and development of community lands and resources according to the will of the community and its leadership.
3. In some cases specific institutions were adopted by the community to ensure effective use of revenues and negate self-interested behaviour. Legal advice was utilized in some instances to develop effective institutions.
4. Professional management was also utilized to operate the businesses within an environment that allowed them autonomy, while political leaders led policy development.

Cultural Match

Interviewees began to convey the capacity issue consistently. All agreed that this was a fundamentally important concept, but few conveyed that they had managed to effectively achieve (and use) this factor. The issues that had left this factor largely unaddressed by the

interviewees generally related to a lack of specifically focused efforts to get to this point within any of the communities where they gained their experiences. This would of course involve community participation in the reengineering of governing structures and institutions, likened to what is proposed through the BCTP. The lack of redress of this issue is perceived to be a major problem based on the interviewees' responses. It largely relates to issues of capacity and contemporary cultural norms and social conditions, and is discussed further under the 5th factor (Leadership/Interpretive Mobilization) below.

Rationales – Cultural Match

The rationales for why this is an important factor in economic development included:

1. The inherent distrust and negativity that exists in some communities in relation to the existing imposed governance and control systems. This makes accomplishing anything that involves change difficult (within the current context of the governing systems).
2. Without the community's acceptance and support for the manner in which they are being governed, successful development initiatives are nearly impossible (opposition will exist until the community accepts and trusts their governance system).

Adaptive Measures – Cultural Match

Mechanisms that had been used or observed to achieve a cultural match to governance and institutions, and/or adapt and achieve success in the absence of this factor, included:

1. In one instance, it was indicated that because the community had never experienced a downside to their business, and the benefits were always evident from the services the community provided, that a cultural match (community recognition and acceptance of the leadership's economic strategy) had never been that important.

2. The Land Management process that two groups had proceeded through had involved a community driven process of institution development, although neither group had initiated the use of these structures within a development context.
3. One group had instituted a community group to oversee progress and direction within the community's treaty process. This appeared to be functioning well.

Strategic Approach

All indicated that a strategic approach was important. Many had seen failures due to a lack of a strategic approach. A number of issues precluded a strategic approach and are outlined below under Rationales. Most stem from a failure to put in place economic development factors 1-3 above. The necessity of a strategic approach was iterative.

Rationales – Strategic Approach

Many interviewees had achieved a short-term strategic approach but few had managed to maintain that strategic focus over the longer-term. Factors that precluded a strategic approach were discussed and included:

1. A need to create jobs within the community (political pressure).
2. Other political pressures and community effects that precluded a long-term approach to the success of the business.
3. Issues of jurisdictional control (granting of resources by government with qualifiers attached, which necessitated a complex approach).

Adaptive Measures – Strategic Approach

A summary of measures that were utilized to achieve a strategic approach included the following:

1. In one instance it was indicated that it had never been an issue. The tone was set more than 20 years earlier when the community started its business approach and instituted the correct measures and professional managers. Once a strategic approach was implemented and the necessary measures were in place, and benefits flowed to the community, it was perpetuated. The cultural match factor may not have been achieved, but its negative consequences were nullified because of the obvious benefits the community received. This allowed a strategic approach to be maintained.
2. Another that had been involved in a relatively long-term business success had involved a partner firm with extensive experience in the industry. They were insistent on the implementation of a strategic approach and both parties worked together to insulate the business from threats to this approach. Again, the cultural match factor had not necessarily been achieved, but the potential negative implications of the absence of this factor were nullified through protective measures.
3. An educated membership, whether they were involved in the community's ventures or not, was said to reinforce the community's strategic approach (i.e. benefits from businesses that were directed to community educational initiatives were self-reinforcing). As education levels of the membership increased, they inherently understood the value of an economic approach to community betterment.

Leadership/Interpretive Mobilization

It was agreed that an effective leader was essential to the initiation of an economic approach to community improvement. It was also agreed that a leader's most important and difficult role was attempting to motivate the community to change. This was related to the issue of community capacity. It was consistently conveyed that community motivation and

support was the most problematic to achieve of the 5 economic success factors discussed thus far.

Rationales – Leadership/Interpretive Mobilization

The rationales provided as to why this issue was an important factor in relation to economic success, and why it was difficult to achieve, were as follows:

1. The achievement of economic success is very important to improving conditions within communities. It typically comes down to a single individual who must recognize the importance of economic activity and strike-out to initiate it.
2. It is equally or more important that the community recognize the importance of this activity as well, or at least hold an indifference to this approach (perhaps gained through trust in the leader's intentions), in order for such a strategy to be successful.
3. The alternative is a community that won't support such an approach and opposes development, which hampers the leader's and community's ability to achieve success.

Specific issues that hamper the ability to motivate a community to support their leaders' and community's efforts towards an economic approach, generally involve limitations in capacity and issues surrounding a "culture of dependency." They were cited to include:

4. A community membership that possesses very little experience or knowledge of the business world.
5. The absence of a comprehension of how the community can change and how they can affect that change.
6. A reliance on outside powers for betterment and direction, and a loss of the rationale and aptitude for a work ethic.

7. Chronic fractionalization, negativity and distrust – opposition to any form of change – and the use of energy for the purposes of maintaining conflict within the community.

Adaptive Measures – Leadership/Interpretive Mobilization

Behaviours and actions that had been observed to achieve this factor, or minimize the impediments posed by the absence of this factor, were as follows:

1. A legacy left by a leader that struck-out and implemented an approach that was immediately successful and demonstrated benefits to the community, which in effect achieved buy-in or at least a lack of opposition to an economic approach.
2. An individual leader acting in a “CEO like approach” to leadership with a concerted effort to ensure that the other community leaders were kept apprised of activities and how specific opportunities could benefit the community.
3. Ongoing demonstration of benefits derived from economic activity flowing to the community.
4. A focus on education of the membership, whether they were involved in the community’s ventures or not, reinforced the community’s collective approach (i.e. an educated membership sees the inherent need for such an approach and supports it).
5. The creation of separately governed and operated legal entities and effective institutions that created transparency surrounding the activity (diminished community opposition).
6. A legal structure and institutions that preclude political interference (doesn’t allow interference in the management of the business).

Alliances

All interviewees observed that the alliance model had played a role in economic development initiatives they had been involved in. None believed that the creation of certainty through any potential treaty settlements would preclude these types of partnerships from occurring. It was noted that industrial proponents always have to form relationships with local populations when they are considering a particular development.

Rationales – Alliances

The rationales provided as to why the alliance-model was an important factor in relation to First Nations economic initiatives were as follows:

1. All First Nations have utilized alliances or partnerships with non-aboriginal corporations to initiate ventures with the intent of providing employment, training and business opportunities for members, and generating revenues for the community.
2. Building capacity through alliances was emphasized (individual and community).
3. “Using” a partner for their business/industry expertise and their access to capital was important.
4. Getting into a particular venture more quickly was also cited as a rationale.

Adaptive Measures – Alliances

Approaches to the use of alliances were as follows:

1. One interviewee observed that a First Nation sought out a non-aboriginal corporation to exploit an opportunity to negotiate forest harvesting opportunities from another corporation, and then capitalize on the opportunities created. The First Nation possessed no capacity in this industry and initially, the only benefits to the community were

revenues. The alliance's strategic plan included a phased in approach whereby First Nations opportunities for participation in the operational activities (jobs, contractors) would occur over time.

2. No interviewee emphasized the importance of the issue of legal uncertainty as being an absolute necessity for compelling non-aboriginal corporations to participate in alliances.
3. In more than one instance a First Nation had used their business expertise to partner with another First Nation (without the necessary capacity) to capitalize on an opportunity, with both benefiting from the relationship.
4. All emphasized the importance of the proper structuring of alliances, ensuring that interests were aligned, and that the partner was an appropriate match to the First Nation.
5. The importance of alliance and partnership formation was extended beyond corporations to all levels of government, especially local municipal and regional government entities. The objective was the development of relationships with these entities. They were recognized to hold capacities that could benefit the First Nation. It was emphasized that this was an important function if the First Nation was to be recognized and treated as a government. It was also recognized that future development would undoubtedly require their involvement and/or that their approval of a First Nation's intentions would be beneficial.

Practical Impediments

All interviewees recognized practical economic impediments as having been problematic in particular instances, and had also observed measures taken to minimize or negate the negative impact of these factors.

Rationales – Practical Impediments

Rationales as to why these issues posed problems were as follows:

- a. Jurisdictional control is obviously a problem. However, this issue goes beyond INAC. It was noted that resource allocations of poor economic potential are commonly provided to First Nations. They force First Nations into losing situations (non-strategic or overly complex approaches as identified above).
- b. Capital is obviously important for funding business ventures and there are few avenues for First Nations to secure it. Not being able to utilize the few resources they possess adds to this difficulty.
- c. All had problems with federal business support programs, which is one of the few available sources of capital for many groups.
- d. None had attempted to access funding specifically for institutional development, but had accomplished this via other means.
- e. All observed penalization for success in terms of accessing program funding.
- f. All agreed that having to deal with INAC processes was an impediment.

Adaptive Measures – Practical Impediments

Interviewees had observed a number of approaches to mitigate the impediments to economic development posed by these practical issues.

- a. All had observed unique approaches to accessing natural resources. This included negotiated settlements with forest licensees, other corporate entities and the province, pursuit of licenses through the regular tenure allocation process, and negotiated settlements through treaty processes.

- b. Two First Nations had taken control of their reserve lands through a legislative process. Others had secured forest license tenures that provided collateral. One had received a large cash settlement through treaty. Others had partnered with entities that provided the necessary capital to initiate business operations. Two had developed institutions that allowed loans between businesses for the purposes of fostering growth.
- c. It was noted that business support programs directly and indirectly punished success. Some felt that as you began to generate cash flow from businesses, the programs treated you as a lower priority for funding. Others observed that as you experienced success in a particular venture, and required financial assistance for a specific purpose, the narrow program criteria of these programs hampered your ability to access it. This had been observed to constrain success on a number of occasions.
- d. Most had accomplished the development of institutions through the creation of separate legal entities while or after they were developing businesses. Others understood that this was to be accomplished through the BCTP upon final settlement.
- e. None were dealing with the issue of OSR as it relates to the BCTP. A challenge was noted in terms of managing finances between the community and business ventures in terms of INAC's policy of zeroing-out funding at fiscal year end. This forced non-strategic decisions in some cases.
- f. In terms of dealing within the INAC framework, general problems were noted regarding their policy of control by funding and auditing. It forced the focus away from being accountable to any particular business or community improvement and put the focus on maintaining the status quo. Other problems were noted regarding the issue of

community's legal documentation being poorly maintained leading to community infighting and slowing development potential.

Summary – Factor Verification

It was very apparent that within the local context of the central interior of B.C. that the 7 economic success factors summarized from the literature were fundamental to economic development. These factors encompassed the challenges that had been identified during the interviews (i.e. all were verified to be relevant to the local context). Where interviewees indicated that a specific factor was not an issue, it was evident that there had been an adaptive measure put in place to mitigate the negative aspects of the factor, supporting Anderson and Bone's (1995) contingency theory perspective of First Nations economic development.

It was also noted that although the number of interviews completed was small, a trend was evident. The further any particular First Nation had been observed to successfully progress through success factors 1-4, or at least put in place measures that mitigated negative consequences of not having them in place, the longer the term of business success that had been observed. This seemed to provide evidence of a continuum that the further First Nations progressed through economic development factors 1-4, the more potential there was for economic sustainability, supporting Cornell and Kalt's (1998) nation building approach.

It was evident that the primary challenges to getting the first 4 economic success factors in place stemmed from the capacity issue (i.e. limitations in the ability to achieve the 5th economic success factor). Capacity in this sense was defined broadly to include education and knowledge, as well as a number of social and cultural issues that had become prevalent within communities. These issues culminated in the inability to achieve community buy-in to

begin making proactive change and eroded the potential for success. All those interviewed confirmed that the capacity issue, as defined above, was the paramount issue within the First Nations communities where they had gained their experiences. It was the limiting factor in achieving economic success. The author's interpretation of the interviewees' information relevant to the literature was as follows:

Until a First Nation can mobilize as a collective to take ownership of its future through effective management and a concerted focus on economic development, a disproportionate amount of resources are wasted on the management of short-term issues, with negative consequences on the potential for long-term self-sufficiency.

Getting to this point of the collective's self-ownership of their situation and mobilization behind a particular approach for improvement was repeatedly identified as the key challenge.

All interviewees had seen short-term economic success achieved and lost. In all cases this was relatable to the inability to effectively implement success factors 1-4, or adaptive measures in their absence, on a sustainable basis. There were two observations of long-term economic success. In one instance, the community was supportive because of obvious benefits and transparent processes, protecting the business's future. This was assisted by a focus on education. In the other instance, the business alliance had been heavily protected from political interference and the community received ongoing benefits.

It was also apparent that these success factors 1-5 do not have to occur in a particular order, and it appeared they could be instituted after development was initiated. However, there are interrelationships among them that will cause the absence of one of these factors to impact on the stability of the others.

Results Part 3 – BCTP AIP Assessment

Based on the interviews completed, the 7 economic success factors summarized from the literature were verified as being highly relevant within the local context. It is also evident that First Nations have in many cases instituted specific measures to mitigate for the constraints and/or economic impediments that these factors can pose. As well, the information received through the interviews provided some valuable information relating to the challenges inherent in creating and sustaining economic success within a First Nations context. The 7 economic success factors in combination with adaptive measures and related challenges provide an informed platform from which to assess the potential of the AIPs being proposed through the BCTP to facilitate First Nations' economic success.

Following is an assessment of the components from two Agreements in Principle (AIPs) stemming from the B.C. Treaty Process in relation to each of the 5 non-economic or "political" constructs identified to be crucial to facilitating economic success within the First Nations context. The two AIPs selected for review were those of the Lheidli T'enneh and Sliammon First Nations' negotiating tables. Resulting from B.C. and Canada's fairly consistent mandates at negotiating tables, there are almost no fundamental differences in the two AIPs in terms of their approach to jurisdiction and governance or other matters. Sources for full text versions of the AIPs are provided in the References Cited section. Highly relevant sections of the Agreements are provided within the text below.

Non-Economic Constructs

The BCTP is unique among treaty processes in that its focus is on issues of jurisdiction, governance and cash settlements (BCTC website). Previous treaty processes within Canada have had a focus on land allocation. Cornell's (2001) precursory review of the BCTP was

largely supportive of the process in terms of its potential to generate economic success for First Nations. The jurisdictional focus of the BCTP relates to providing First Nations with substantive, meaningful, determinative control of their own affairs and resources. The focus on governance relates to providing First Nations with the capacities for self-governance and the institutional capability to exercise powers effectively. These are central components of Cornell's nation building approach, or the non-economic (political) constructs describing the institutional foundations that must be in place before sustained economic success can occur.

It should be noted that in the case of both AIPs reviewed, matters concerning governance are being negotiated via Side Agreements outside of potential Final Agreements. This approach has been necessitated by the election of the provincial Liberal government in 2000 (see Appendix 5 for further information).

The Governance Agreements as they are presently structured are only enabled by a Final Agreement, would be tripartite, and would likely be given effect through settlement legislation (Krehbiel 2006). The net effect of the side agreement approach with respect to this research question being contemplated is nil.

Jurisdiction and Self-Governing Powers

The BCTP has been described "as a unique constitutional instrument" (BCTC 2004). It provides for an opportunity to rearrange the structure of power and authority. It is clear that the inherent benefits of First Nation self-government have been recognized and provided for within this process. The following excerpts from the two AIPs demonstrate the self-governing powers that will be conveyed upon treaty settlement (achievement of a Final Agreement).

GOVERNANCE - LHEIDLI T'ENNEH GOVERNMENT

9. The Lheidli T'enneh Government, as provided for under the Final Agreement, the Lheidli T'enneh Governance Agreement, and the Lheidli T'enneh Constitution, will be the government of Lheidli T'enneh.
10. Members of the Lheidli T'enneh Government will be elected in accordance with the Lheidli T'enneh Constitution and Lheidli T'enneh Laws.

GOVERNANCE – LHEIDLI T'ENNEH CONSTITUTION

15. Lheidli T'enneh will have a Constitution, consistent with the Final Agreement and the Lheidli T'enneh Governance Agreement, which will provide:
 - a. for a democratically elected Lheidli T'enneh Government, including its duties, composition, and membership;
 - b. that Lheidli T'enneh Government will be democratically accountable with elections at least every five years;
 - c. for financial administration comparable to standards generally accepted for governments in Canada;
 - d. for conflict of interest rules comparable to those generally accepted for governments in Canada;
 - e. for recognition and protection of rights and freedoms of Lheidli T'enneh Citizens;
 - f. that every person who is enrolled under the Final Agreement is entitled to be a Lheidli T'enneh Citizen;
 - g. that the Final Agreement and the Lheidli T'enneh Governance Agreement set out the authority of Lheidli T'enneh Government to make Laws;
 - h. the process for the enactment of Laws by Lheidli T'enneh Government;
 - i. for challenging the validity of Lheidli T'enneh Laws;
 - j. that the Lheidli T'enneh Constitution prevails over other Lheidli T'enneh Laws to the extent of Conflict;
 - k. for the establishment of Lheidli T'enneh Public Institutions;
 - l. for conditions under which Lheidli T'enneh may dispose of lands or interests in lands;
 - m. for Lheidli T'enneh Government from the Effective Date until the first elected Lheidli T'enneh Government takes office;
 - n. for amendment of the Lheidli T'enneh Constitution; and
 - o. for other provisions.

GOVERNANCE – LHEIDLI T'ENNEH LAW MAKING AUTHORITY

18. In addition to law making authorities provided for in other Chapters in this Agreement, the Parties may negotiate Lheidli T'enneh law making authorities to be set out in the Final Agreement respecting:
 - a. adoption of Lheidli T'enneh children provided that Lheidli T'enneh Laws include provisions to ensure that the best interests of the child are paramount;
 - b. Lheidli T'enneh assets on Lheidli T'enneh Lands;
 - c. Lheidli T'enneh Citizenship provided that Lheidli T'enneh Laws do not deal with Canadian citizenship, entry into Canada, or registration under the Indian Act; and
 - d. management, operation and financial administration of Lheidli T'enneh Government.
19. In addition to the law making authorities referred to in paragraph 18, the Parties may negotiate additional Lheidli T'enneh law making authorities to be set out in the Lheidli T'enneh Governance Agreement in respect of the following subject areas:
 - a. preschool to grade 12 education provided by Lheidli T'enneh on Lheidli T'enneh Lands;
 - b. child and family services provided by Lheidli T'enneh on Lheidli T'enneh Lands;
 - c. health services provided by Lheidli T'enneh;
 - d. aspects of administration of justice provided by Lheidli T'enneh;
 - e. licensing, regulation and operation of businesses on Lheidli T'enneh Lands;
 - f. emergency preparedness provided by Lheidli T'enneh on Lheidli T'enneh Lands;
 - g. income assistance provided by Lheidli T'enneh;
 - h. prohibition of, and terms and conditions for the sale, exchange, possession, or consumption of intoxicants on Lheidli T'enneh Lands;
 - i. fire protection provided by Lheidli T'enneh on Lheidli T'enneh Lands;
 - j. solemnization of marriage;

- k. post-secondary education, including the establishment of post-secondary institutions that have the ability to grant diplomas but not degrees, provided by Lheidli T'enneh on Lheidli T'enneh Lands;
- l. public works, buildings, and structures on Lheidli T'enneh Lands;
- m. the regulation, control or prohibition of actions or activities on Lheidli T'enneh Lands that may constitute a threat to peace, order and safety;
- n. social services and housing provided by Lheidli T'enneh;
- o. enforcement of Lheidli T'enneh Laws;
- p. traffic and transportation on Lheidli T'enneh Lands;
- q. Environmental Assessment of projects, other than Provincial Projects, on Lheidli T'enneh Lands; and
- r. other matters agreed to by the Parties.

GENERAL PROVISIONS (Sliammon) Application of the *Indian Act*

27. The *Indian Act* will not apply to Sliammon, Sliammon Government, and Sliammon Members, except as set out in the *Indian Act* Transition Chapter.

Other Rights, Benefits and Programs

- 28. Neither the Final Agreement nor the Governance Agreement will affect the ability of Sliammon Members who are Canadian citizens to enjoy rights and benefits for which they would otherwise be eligible as Canadian citizens.
- 29. Nothing in the Final Agreement or the Governance Agreement will affect the ability of Sliammon, Sliammon Government, Sliammon Public Institutions, or Sliammon Members to participate in, or benefit from, federal or provincial programs for aboriginal people, registered Indians or other Indians, in accordance with general criteria established for those programs from time to time.
- 30. Sliammon Members will be eligible to participate in programs established by Canada or British Columbia and to receive public services from Canada or British Columbia, in accordance with general criteria established for those programs or services from time to time, to the extent that Sliammon has not assumed responsibility for those programs or public services under a Sliammon fiscal agreement.

INDIAN ACT TRANSITION (Sliammon)

- 1. The *Indian Act* will not apply to Sliammon, Sliammon Government, and Sliammon Members except for:
 - a) determining registration as an Indian under the *Indian Act*;
 - b) the estates of Sliammon individuals who die prior to the Effective Date that are administered under the *Indian Act* as of the Effective Date; and
 - c) the estates of Sliammon children or other Sliammon individuals whose property is administered under the *Indian Act* as of the Effective Date.
- 2. The Final Agreement will set out transitional provisions in respect of Sliammon Indian Band bylaws.
- 3. The Final Agreement will set out transitional provisions for the operation of Sliammon Government from the Effective Date until the first elections are held in accordance with the Final Agreement and the Sliammon Constitution.
- 4. Sliammon will replace the Sliammon Indian Band and all of the rights, titles, interests, assets, obligations, and liabilities of the Sliammon Indian Band will vest in Sliammon.

These powers of self-governance extend beyond operational administration and satisfy the requirements specified within the literature that facilitate economic success (Cornell 2001). The AIPs also demonstrate that the First Nations will cease to be under the control of the Indian Act, and also identifies the need for a transitory mechanism.

Jurisdictional control is also inherent within the clauses above. Post-treaty First Nations will have jurisdiction powers over internal affairs and the community's resources at a level

that would appear to meet Cornell's nation building criteria. The jurisdiction conveyed would also appear to preclude the many of the challenges arising from First Nations' existing lack of jurisdictional control identified during the interviews. The following clause from Lheidli's AIP conveys the form of legal title within which community lands will be held.

OWNERSHIP OF LHEIDLI T'ENNEH LANDS

10. On the Effective Date, Lheidli T'enneh will own Lheidli T'enneh Lands in fee simple subject to the continuation of interests existing on the Effective Date as set out in Appendix C.
11. The Parties will update Appendix C prior to Final Agreement and prior to the Effective Date to reflect any additions, deletions or amendments.
12. In accordance with the Final Agreement, the Lheidli T'enneh Constitution, and Lheidli T'enneh Law, Lheidli T'enneh may:
 - a. dispose of the whole of its estate in fee simple in any parcel of Lheidli T'enneh Lands to any person; and
 - b. from the whole of its estate in fee simple, or its interest, in any parcel of Lheidli T'enneh Lands, create, or dispose of any lesser estate or interest to any person, including rights of way and covenants similar to those in sections 218 and 219 of the Land Title Act.

This jurisdiction also applies beyond lands and resources and includes transfer payments that will flow to the First Nation post-treaty settlement as negotiated within the Fiscal Financing Agreement (FFA). The First Nation will possess autonomous control over the expenditure of these funds. As discussed above, while the wording within the Sliammon AIP varies slightly, the intent is essentially the same. Autonomous control over funding received would preclude the majority of the capital financing challenges identified during the interviews.

Governing Institutions

Jurisdictional control of resources and governing authority have been identified as essential constructs that must be in place before a First Nation can sustain economic success. However, they are only precursors to success when accompanied by effective governing institutions. In order to facilitate economic success, powers conveyed through governing authority and jurisdiction must be exercised effectively. This authority must be accompanied

by institutions that preclude opportunistic behaviours, punish corruption, depoliticize dispute mechanisms and separate business and politics. They must do so in a transparent manner in order to convey a positive message to potential investors. According to the AIPs assessed, governance and institutional development would be undertaken at the community level. Excerpts from the AIPs that would appear to hold potential to facilitate the development of effective institutions follow below:

GOVERNANCE (Lheidli T'enneh) – APPEAL AND REVIEW OF ADMINISTRATIVE DECISIONS

34. Lheidli T'enneh Government will establish processes for appeal or review of administrative decisions made by Lheidli T'enneh Government and Lheidli T'enneh Public Institutions.
35. The Supreme Court of British Columbia will have jurisdiction to hear appeals or review of administrative decisions of Lheidli T'enneh Government or Lheidli T'enneh Public Institutions.

GOVERNANCE (Lheidli T'enneh) – REGISTRY OF LAWS

36. Lheidli T'enneh Government will:
 - a. maintain a public registry of Lheidli T'enneh Laws in the English language; and
 - b. provide Canada and British Columbia with copies of Lheidli T'enneh Laws.

GOVERNANCE (Lheidli T'enneh) – LHEIDLII T'ENNEH LIABILITY

Elected Members of Lheidli T'enneh Government

43. No action for damages lies, or may be instituted against, an elected member or former elected member of the Lheidli T'enneh Government:
 - a. for anything said or done, or omitted to be said or done, by or on behalf of Lheidli T'enneh or Lheidli T'enneh Government while that person is or was an elected member;
 - b. for any alleged neglect or default in the performance or intended performance of a duty or the exercise of a power of Lheidli T'enneh or Lheidli T'enneh Government while that person is or was an elected member;
 - c. for anything said or done, or omitted to be said or done, by that person in the performance or intended performance of the person's duty or the exercise of the person's power; or
 - d. for any alleged neglect or default in the performance or intended performance of that person's duty or exercise of that person's power.
44. Paragraphs 43.c and 43.d do not provide a defence if:
 - a. that person has, in respect of the conduct that is the subject matter of the action, been guilty of dishonesty, gross negligence or malicious or wilful misconduct; or
 - b. the cause of action is libel or slander.
45. Paragraphs 43.c and 43.d do not absolve Lheidli T'enneh from vicarious liability arising out of a tort committed by an elected member or former elected member of the Lheidli T'enneh Government for which Lheidli T'enneh would have been liable had those paragraphs not been in effect.

FISCAL RELATIONS (Lheidli T'enneh) – FISCAL AGREEMENTS

10. In negotiating fiscal agreements, the Parties will consider procedures for:
 - g. the accountability of the Lheidli T'enneh Government to the funding governments; and

GOVERNANCE (Sliammon) Appeal and Review of Administrative Decisions

13. Sliammon Government will establish processes for appeal or review of administrative decisions made by Sliammon Public Institutions exercising a statutory power of decision under Sliammon Law.

14. The Supreme Court of British Columbia will have jurisdiction to hear appeals or reviews of administrative decisions of Sliammon Government or Sliammon Public Institutions exercising a statutory power of decision under Sliammon Law.

GOVERNANCE (Sliammon) Registry of Laws

15. Sliammon Government will:
 - a) maintain a public registry of Sliammon Laws in the English language and, at the discretion of Sliammon Government, in the Sliammon language; and
 - b) provide Canada and British Columbia with copies of Sliammon Laws.

GOVERNANCE (Sliammon) Individuals who are not Sliammon Members

16. The Final Agreement and the Governance Agreement will provide opportunities or processes for participation by individuals who are not Sliammon Members, residing on or having a property interest in Sliammon Lands, in decisions of Sliammon Government and Sliammon Public Institutions that affect them.
17. Sliammon Government will consult with individuals who are not Sliammon Members residing on or having a property interest in Sliammon Lands, regarding proposed Sliammon Government decisions that may directly and significantly affect them.
18. Sliammon Government will provide that individuals who are not Sliammon Members, residing on or having a property interest in Sliammon Lands, will have access to the appeal and review procedures under paragraph 13 and 14.

There are a number of areas that demonstrate a level accountability for a post-treaty First Nation's government to both the crown and the First Nation's membership. It is also evident that there will be a requirement for transparency. These factors bode well for facilitating the implementation of effective institutions.

Institutional Foundation – Cultural Match

According to the AIPs assessed, governance and institutional development would be undertaken at the community level. Both AIPs present extensive information relating to the authority and responsibility of the First Nation to develop various community driven processes to establish the mechanisms and tools necessary to accomplish this task (i.e. eligibility and enrolment, constitution, law making, governing body development) and that they will receive funding to accomplish these tasks. Governing institutions and development strategies that reflect and complement these cultural factors will invoke acceptance of and support by the collective. Cornell and Kalt (1992b) identify the necessity of the “cultural

match” in order to garner community support as being a third fundamental factor necessary to facilitate economic success and sustainability.

Within the BCTP AIPs, it is clear that these processes will all be developed at the community level they should intrinsically be congruent with each First Nations conceptions (the prevailing beliefs contemporary state of their political culture) of how authority should be organized and exercised. Settlements and post-BCTP environments therefore hold the potential to meet this requirement.

Difficulty in achieving effective institutions that were accepted by the community was a fundamental challenge to First Nations development apparent from the interviews. Having an explicit internally driven process that accomplishes this task would address this issue.

Strategic Facilitation

The three factors reviewed above taken together form what Cornell (2001) refers to as the Nation-Building Approach. They contribute to a First Nation developing a strategic approach towards economic development, the fourth success factor. As the adoption of a strategic approach is largely a reflection of the first three non-economic constructs being achieved, and the potential for their achievement has been deemed to be feasible through AIPs reviewed, the same can be said for the adoption of a strategic approach. However, getting through the first three success factors to allow a strategic approach to occur was identified as being a fundamental challenge by those interviewed. The challenges relate to the issues of capacity.

Leadership – Capacity – Interpretive Mobilization

The fifth non-economic factor for successful development relates to human resource capacity. A community must possess or develop the capacity to collectively mobilize themselves toward the pursuit of self-improvement through the first four non-economic factors. It must involve at least a single leader that can understand and effectively convey and demonstrate the benefits to the community's situation inherent in pursuing the nation building approach, instilling buy-in by the collective to work to get there (Cornell et al. 2005).

The AIPs appear to hold great potential to provide for the opportunity for First Nations to achieve the sovereignty that has been demonstrated by the literature to be a prerequisite to economy. However, there is little within the AIPs that specifically addresses the issue of capacity development. It is an issue that the negotiating parties are cognizant of and is largely being reflected within ongoing negotiations surrounding the Implementation Components of the Final Agreements (Krehbiel 2006). This issue is discussed further below.

This issue of leadership and community capacity was also the primary issue or challenge to sustained economic development evident from the interviews conducted.

Congruency and Conflict – Non-Economic Constructs

The preliminary Agreements flowing from the BCTP are congruent with the political constructs that have been identified as being the essential foundations of economic success and sustainability within First Nation communities. As Cornell (2001) states, the critical issues are if Final Agreements achieved through the BCTP will lead to genuine decision-making power in the hands of First Nations, and if it will equip those nations with the necessary institutional mechanisms for exercising that power effectively. It appears that

powers granted through the AIPs reviewed make this possible, and First Nations pursuing Final Agreements through the BCTP therefore have the potential to make the foundational political changes necessary for economic success. It also appears that settlements incorporating the components outlined in these AIPs will successfully remove many of the barriers to economic development that the interviewees identified.

While the AIPs aren't in conflict necessarily with the 5th factor of interpretive mobilization or capacity, they do not speak directly to this issue, which as the interviews indirectly demonstrated, is fundamental for translating the opportunities inherent in these potential agreements into positive benefits and self-sufficiency.

BCTP AIP Assessment – Economic/Practical Constructs

Two factors specific to the Canadian literature were identified as key to maintaining and increasing the rate at which Aboriginal communities are successfully developing economies. These have been categorized as practical economic constructs that impact success, and therefore are factors that play important roles after the required political constructs have occurred and/or been put in place. This includes the use of alliances or partnerships with non-Aboriginal businesses as a means of initiating economic activity. Further, a number of constraints were identified within the Canadian literature as impediments to economic success. These practical economic factors are considered below within the context of the AIPs being assessed and the B.C. Treaty Process.

Alliance Making

First Nations within Canada have approached economic development in many instances through the development of alliances with non-Aboriginal corporations (Anderson 1997). A

primary incentive for this activity on the part of corporations has been the evolution of the definition of First Nations Rights with respect to lands and resources, and an increasing onus on corporations to consult with and accommodate affected First Nations. Through alliances, corporations fulfill their potential legal requirements and achieve a degree or certainty in relation to their investments and certainty in relation to ongoing activities. First Nations achieve immediate involvement within the development and management of the resources on their traditional lands and a much quicker entrance into that particular industry, as well as the revenues, training and employment benefits that flow from the alliance. Final Treaty Agreements have the potential to make First Nations much more sought after partners in business as they will be equipped with capital, land and resource allocations, and arguably, the ability to create an internal political environment conducive to attracting investment.

However, a key to maintaining this “attractiveness” as an investment partner in a post-treaty environment could be interpreted to be dependent on First Nations maintaining and strengthening the undefined legal-leverage that presently exists. A primary goal of the BCTP asserted by B.C. is the creation of “certainty” on crown lands, or the removal of “uncertainty” that stems from unsettled encumbrances relating to First Nations Rights. The degree to which the AIPs and negotiations toward Final Agreements are creating “certainty” is therefore potentially an important consideration in relation to the future relevance of the “alliance-building” strategy. The following excerpt from the Lheidli AIP provides some insight in the issue.

GENERAL PROVISIONS – CERTAINTY

33. The Final Agreement will be the full and final settlement of Lheidli T’enneh’s aboriginal Land Rights, any other aboriginal rights related to other rights and authorities set out in the Final Agreement, and any rights added to the Final Agreement as part of the orderly process described in paragraph 40.
35. The Final Agreement will comprehensively set out Lheidli T’enneh’s section 35 Land Rights and other section 35 rights relating to matters set out in the Final Agreement.

36. The Final Agreement will modify Lheidli T'enneh's aboriginal Land Rights, and other aboriginal rights that relate to matters set out in the Final Agreement, into the rights set out in the Final Agreement.
37. Lheidli T'enneh will release Canada and British Columbia from all claims in relation to past infringements of any aboriginal rights of Lheidli T'enneh, which infringement occurred before the Effective Date.
38. Canada and Lheidli T'enneh acknowledge that claims filed by Lheidli T'enneh prior to the Final Agreement, pursuant to Canada's Specific Claims policy, will be addressed prior to the Final Agreement.

GENERAL PROVISIONS – CONSULTATION

42. The Final Agreement will provide that, when Canada and British Columbia have Consulted with or provided information to Lheidli T'enneh in respect of any activity, including a resource development or extraction activity, in accordance with their obligations under the Final Agreement and federal and provincial legislation, Canada and British Columbia will not have any additional obligations under the Final Agreement to Consult with or provide information to Lheidli T'enneh in respect of that activity.

It is apparent that under the terms of this AIP (July 2003) Lheidli's legal-leverage takes on a more defined status, and is minimized somewhat.

However, the Supreme Court of Canada concluded in November 2004 in the "Haida Nation v. British Columbia (Minister of Forests)" (2004 SCC 73), that the Crown's duty to consult and accommodate did not extend to third parties. The liability in contract or tort for the conduct of development operations remains. The AIPs recognize that there will be specified matters which will be subject to formal consultation, and that there will still be a general common law duty of consultation and accommodation governing future infringements of treaty rights (Krehbiel 2006).

Further, as the interviews demonstrated, legal leverage was not necessarily a motivational tool for creating these relationships. Industry increasingly recognizes that some arrangement with First Nations in the area of a proposed development is essential to a successful operation. Whether it relates to "buying peace" or recognizing any legal obligation is a secondary aspect of these relationships. The importance of how these arrangements were structured was the primary issue. Post-treaty First Nations will possess far more attractiveness as business partners, and the compelling forces for First Nations, other

governments, and industry to interface with one another is likely greater. The alliance approach to business development will not be precluded through treaty settlement.

Practical Economic Constraints

Several impediments to economic development and success were identified by AGoC (2003). They are considered below in terms of their redress or relevance within the context of the AIPs being considered.

a. Accessing Natural Resources

In the case of both AIPs, First Nations are granted various resource allocations outright, including land. These communities are also able to apply, compete or bid for additional resource allocations, tenures or licenses through existing processes. All lands and associated resources held by the First Nation post-treaty are under their jurisdictional control, removing the issue of the INAC-management interface.

b. Accessing Capital

The inability to utilize reserve lands and resources as collateral is redressed in a post-treaty environment. As stated above, lands and resources are held under legal title form that makes them usable as collateral. The degree to which communities will be willing to leverage these collectively held resources for this purpose will be an internal matter. First Nations will also possess cash settlements and a stable annual stream of transfer payments. The allocation of funds to various programs, infrastructure and economic development will be an internal community decision.

c. Challenges with Federal Business Support Programs

First Nations will continue to have access to all provincial and federal program funding sources of this nature post-treaty. The low risk tolerance, slow approval processes, narrow

criteria and onerous reporting requirements cited by First Nations as being characteristic of these programs and impediments to economic development will not be redressed by any treaty process. However, post-treaty First Nations may have less of a requirement to rely on these programs. Alternatively, they may be better equipped to attract business support program funding through the leveraging of their internally held resources and a community climate and capacity more conducive to accessing these sources.

d. Institutional Development Assistance Programs

Within the available literature, First Nations have cited a general lack of resource availability for the purposes of assisting with the development of governing institutions to support their community's economic development agendas. This was indicated as being especially important in the early stages of development, in order to create stability in business projects after their initiation. Interviewees indicated that this had largely been attempted through the creation of separate legal entities and their associated by-laws. It was evident that this function was not completed effectively in many instances.

Both AIPs focus on the development of the mechanisms for internally driven self-governing bodies and related constitutions and legal frameworks. As discussed previously, this is a fundamentally positive aspect of the BCTP. Funding is specifically provided within post-treaty transfer agreements for the purposes of developing the internal foundations necessary for self-governance. The transition from the existing governing structure is the focus of ongoing negotiations of Final Agreement Implementation Chapters and the Fiscal Financing Agreement.

e. Penalization for Achievement

The issue of the loss of some federal transfer payments as a First Nation's revenue generating potential increases has been cited as an impediment to and disincentive for economic success and sustainability. The Own Source Revenue Agreement (OSR) is a fundamental component of both AIPs assessed. An excerpt from the Lheidli AIP follows:

FISCAL RELATIONS – LHEIDLI T'ENNEH REVENUE

12. The Lheidli T'enneh will contribute to the funding of its activities from its own source revenues and it is the shared objective of the Parties that this contribution will be enhanced over time so as to reduce the Lheidli T'enneh Government's reliance on federal or provincial transfers.
13. The fiscal arrangements between the Parties should not create unreasonable disincentives for Lheidli T'enneh to raise revenues from its own sources.
14. Prior to initialling the Final Agreement, the Parties will negotiate and reach agreement on:
 - a. a definition of own source revenue capacity; and
 - b. how own source revenue capacity will be taken into account to determine the net amount of funding provided by Canada or British Columbia under the fiscal agreement.
15. In calculating Lheidli T'enneh's own source revenue capacity, all Lheidli T'enneh revenues will be included except for the following:
 - a. capital transfer payments under the Final Agreement;
 - b. any amount payable to Lheidli T'enneh under a fiscal agreement, fiscal contribution agreement, or any bilateral agreement between Lheidli T'enneh and Canada or British Columbia in respect of a program or service of the Lheidli T'enneh;
 - c. proceeds from the sale of Lheidli T'enneh Lands; and
 - d. other revenues as agreed to by the Parties during the Final Agreement negotiations.
16. The manner in which Lheidli T'enneh revenue capacity will be used in determining the net funding amount to be provided by Canada or British Columbia may be phased in over a number of years as negotiated and specified before the initialling of the Final Agreement.
17. Prior to initialling the Final Agreement, the Parties will explore the issue of reasonably equitable treatment as it relates to Lheidli T'enneh commercial activities and other commercial activities in British Columbia.

The AIP wording does provide some opportunities to negotiate-out some of the disincentive that would appear to be inherent in this policy. This issue remains an active one within the ongoing negotiations. This issue and its implications on economic development are discussed further below.

f. INAC Authority

First Nations cited difficulty in accessing funding derived from on-reserve developments that has been managed by INAC. Further, legal designation and record management issues, which are required to flow through INAC, were identified as impediments to development. As stated, the BCTP and the AIPs assessed focus on

jurisdictional control and self-government. The authority of First Nations to take control of all aspects of internal community management is inherent within the process.

GOVERNANCE – LEGAL STATUS AND CAPACITY

13. Lheidli T'enneh will act through the Lheidli T'enneh Government in accordance with:
 - a. the Final Agreement;
 - b. the Lheidli T'enneh Governance Agreement; and
 - c. Lheidli T'enneh Laws, including the Lheidli T'enneh Constitution.
14. Lheidli T'enneh will be a legal entity with the capacity, rights, powers, and privileges of a natural person including the ability to:
 - b. enter into contracts and agreements;
 - c. acquire, hold, own, buy, and sell property and interests in property;
 - d. raise, spend, invest, and borrow money;
 - e. sue and be sued; and
 - f. do other things ancillary to the exercise of its rights, powers and privileges.

INAC's authority over the legal and other affairs of a post-treaty First Nation will cease to be an issue, although many of the existing record management issues will undoubtedly continue to be problematic for First Nations to deal with. Considering the genesis of the paradigm First Nations have found themselves in, this is of course a fundamentally positive aspect of these Agreements.

Congruency and Conflict – Practical Economic Factors

The compelling forces at least in part accounting for the propensity of First Nations to utilize alliances as a strategy for initiating economic initiatives, as summarized by Anderson (1997), will remain to some extent in a post-treaty environment. While the undefined nature of legal leverage may be somewhat minimized through the certainty created, the more common or important issues and forces, as identified by interviewees, that "drive" the alliance-model of First Nation economic development, will be strengthened.

Further, as discussed above, many of the "practical" issues summarized as economic constraints by AGoC (2003) appear to be sufficiently addressed by the terms of AIPs. This includes the majority of the issues interviewees had encountered during their economic

development experiences. A major exception includes the “penalization for achievement” that may be inherent in the OSR components of the agreements.

Summary – BCTP AIP Assessment

The BCTP agreements appear to hold excellent potential to put in place the necessary constructs of, and remove many of the impediments to, economic success and self-sufficiency that were identified within the literature and during the interviews conducted. However, two primary issues have surfaced during this research that would appear to hold the greatest threat to the achievement of the potential benefits inherent within the evolving final agreements. They include the issue of individual and community capacity (which encompasses the 5th success factor) and the Own Source Revenue concept. Recommendations with respect to these issues are discussed below.

Discussion and Recommendations

Converting Potential

The AIPs sanction and facilitate a transition from the existing governance structure and systems to a community-constructed self-governing autonomous approach, including jurisdictional control of all aspects of the community, its future, and its post-treaty resources. This fully encompasses the nation building approach and therefore holds great potential to allow First Nations to embark on a path of community self-improvement through economic development. However, the key issue that can’t be addressed within these agreements, and was identified to be of paramount importance by those interviewed, relates to the 5th success factor, and the issues of leadership and interpretive mobilization or community capacity. The cited rationales as to why this has been observed to be a primary challenge were as follows:

1. The contemporary culture in many First Nation communities is typified by strong feelings of distrust for outsiders and leadership. This was described as a “mental barrier.”
2. A reliance on external authority has diminished peoples’ ability to envision or take self-ownership of the need for change and their future.
3. The rationale and aptitude for a work ethic has been significantly diminished.
4. Most First Nation communities lack experience in a business environment.
5. There is a strong climate of dependency that causes infighting and stabilizes the situation within the status quo.

Taken together, these hamper individually driven and collective buy-in for positive change, the 5th factor. These issues have to be addressed in order to implement the foundational changes encompassed within success factors 1-3.

Without the 5th factor taking place in a First Nation’s post-treaty environment, there is far less potential for the benefits inherent in any Final Agreement to be transitioned into sustainable economic development and self-sufficiency. The importance of interpretive mobilization and the capacity issue has been recognized, particularly from the First Nations’ perspectives, at the Lheidli negotiating tables (Krehbiel 2006). Final Agreements are intended to contain an extensive array of implementation processes and “front-end” funding to facilitate the necessary Governance and related institutional foundation building. An excerpt from Sliammon’s AIP regarding this issue follows:

IMPLEMENTATION (Sliammon) Implementation Working Group

4. The Parties agree to establish a tripartite implementation working group during Final Agreement and Governance Agreement negotiations which will:
 - a) be responsible for the development of an implementation plan prior to the initialling of the Final Agreement and the Governance Agreement; and
 - b) be responsible for the development of a list of activities that the Parties must complete by the Effective Date.

Implementation Committee

5. On the Effective Date, the Parties will establish a tripartite implementation committee.
6. The implementation committee will have a term of 10 years which may be renewed or extended upon agreement by the Parties.
7. The Parties will each appoint one representative to the implementation committee.
8. The implementation committee will:
 - a) establish its own procedures and operating guidelines;
 - b) develop a communications strategy in respect of the implementation and content of the Final Agreement and the Governance Agreement;
 - c) provide a forum for the Parties to discuss the implementation of the Final Agreement and the Governance Agreement;
 - d) provide for the preparation of annual reports on the implementation of the Final Agreement and the Governance Agreement; and
 - e) prior to the expiry of the implementation plan, advise the Parties on the further implementation of the Final Agreement and the Governance Agreement and recommend whether the implementation plan may be renewed or extended.

A focus on the Implementation Components is recognized as a necessity to facilitate interpretive mobilization and the related capacity for the necessary community-driven changes to begin. These measures should improve the chances of the necessary changes being effectively initiated and taking hold in a post-treaty environment.

Based on this research, the author suggests several additional approaches that may be beneficial.

Rationalization of Acceptance

It was apparent from the interviews conducted that the existing state of some First Nations communities may preclude acceptance of a treaty, regardless of any direct or potential benefits it may hold for the community. This relates to the issues of dependency, distrust, chronic negativity and resistance to change identified. The author sees a benefit in initiating community capacity development in relation to a community-driven mechanism to assess the benefits inherent in any given treaty settlement. It is apparent that this has been established to some degree (i.e. Lheidli T'enneh has a Community Treaty Council that meets weekly to monitor and provide input to the ongoing treaty negotiations). All First Nations develop capacity and knowledge within and external to their community by proceeding

through a negotiating process as comprehensive as the BCTP. The intent would be to augment this capacity development process.

The focus should not be to facilitate acceptance of any given treaty package, but to provide a forum where the following can be assessed in a realistic and unbiased manner:

1. The past, existing and potential future status of the community, how this relates to the external environment, where and how the community's situation requires change, and what would be required to make those changes occur.
2. How any particular treaty package relates to their existing and future situations and the issues and challenges that have been identified, and the corresponding changes that have been identified as being desirable.
3. The tradeoffs (advantages and disadvantages) implicit between acceptance of any particular settlement and the maintenance of the status quo over various time frames.

Such a "rationalization committee" would be supported by external professionals (treaty team personnel and others) but the intent over time would be to have the committee members taking ownership of the process and directing support staff. The objective would be the facilitation of the processes outlined by Cornell et al. (2005) above, in terms of providing the community tangible opportunities to:

- a. Assess and interpret their internal situation relative to the external environment and recognize and identify areas where change is required.
- b. Understand how these issues and challenges developed, which will assist with determining how they can be changed (accepting responsibility for making change).
- c. Realize the changes and actions required.

- d. Assess the potential outcomes under any particular treaty or non-treaty scenario and whether or not it is sufficiently desirable.
- e. Individually or collectively take or lead action accordingly.

In the potential absence of community leadership or capacity that might initiate a process such as the one outlined, the opportunity to create such a mechanism afforded by involvement in the BCTP allows the potential for such leadership and capacity to evolve. This would of course be beneficial to the community regardless of their eventual BCTP outcome. An additional benefit arising from the successful establishment of a committee of the nature described would be a far greater potential for success and ease of implementation in a post-treaty environment.

The author notes that the process outlined by Cornell et al. (2005) is analogous in some respects to the general challenges faced by large corporate cultures as they are faced with the requirement to make transformative changes in structure and culture in order to compete within the context of a changing business environment. This is mentioned because the abundance of literature available on the corporate-cultural paradigm, components of which may be transferable. Kotter (1995) provides a summary of challenges to change within this context.

Interpretive Modelling

To inform the mechanism described above in terms of developing interpretive and mobilization capacity in the pre-treaty environment, and continuing that momentum in either a post-treaty or non-treaty environment, the author sees value in a modelling process specific to a particular community. This tool should be informed by an up to date community census and include:

1. Existing and future demographics of the community
2. Existing and projected living standards, health issues and employment levels
3. Mechanisms to allow projections of these measures according to the status quo and with various levels of improvement
4. Corresponding community infrastructure, programming and service needs benchmarked to various scenarios
5. The segmented costs for the various scenarios performed in 4
6. A mechanism that allows for a comparative financial assessment of each of the following future situations relative to any of the community's selected scenarios;
 - a. status quo INAC relationship now and into the future, and,
 - b. the benefits translated through a particular treaty settlement.
7. A demonstration of the financial ability of any of the above options to redress the community's desired level of improvement
8. It should also allow for the analysis of similar information for the external environment

A key element of building capacity for change is an individual and collectives' interpretation (Cornell et al. 2005). Tools that aid in the visualization of specific situations and opportunities would facilitate this process. The output of such a process should not be the standard numbers and graphs, but should be measures that are relatable to the level of capacity and understanding within the community. Modelling of this nature would assist with the identification of existing and future needs, and how the community's various alternatives may be congruent with their internally derived desires for change and improvement. It would be a starting point for visualizing the opportunities available through economic development,

and providing a rationale for why they must occur and be “owned” and supported by the community. This information will also be required to inform a comprehensive SWOT analysis as the community moves forward to pursue economic opportunities in a strategic manner.

Program Management

There are and will continue to be extensive opportunities for First Nations to take over program and service delivery as these functions are devolved by the Crown. The AIPs indicate that First Nations will possess complete jurisdictional control of service delivery post-treaty. In either scenario, these functions can serve as important capacity building opportunities for the community and its members. While outside of a treaty environment they may continue to be operational administrative functions with the funding allocations and other important decisions being made at the Ottawa level, their importance should not be understated. Further, nothing precludes the skills developed by individuals involved in the effective and efficient delivery of these functions from being transferred to the economic arena. Their effective, efficient and unbiased delivery also sends a message to the community. The author sees the utility of economic success factors 1-5 being fundamental to subsidized program and service delivery as well as for-profit business initiatives.

First Nations should consider developing a business like approach to their existing functions in this area, which is, and will arguably continue to be, the largest source of employment and activity for most First Nations. Within a post-treaty implementation environment it is evident there will be extensive activities within the area of programs and services. They will be a source of competitive advantage in a post-treaty environment, whereby savings achieved through efficiencies can be applied to revenue generating

activities. A strategic and business-like approach is fundamental to achieving the most of these opportunities, which may be one-time events, and will in essence set-the-tone for everything that occurs during and subsequent to the transition to self-government and jurisdictional control. This approach should include allowing the community opportunities for input into the purposes of various programs, how and why they are delivered, and how the leadership and administration creates maximum benefit for the membership through these functions. It would also include a transparent and strategic approach, including hiring the most qualified individuals.

Knowledge Creation and Coordination

Information collected during the interviews indicated that aspects of the paradigm First Nations find themselves within (management via Ottawa, short political terms, extreme political pressures, and opposition to change) create an environment where information is poorly managed. This relates to both program delivery functions and business initiatives. There also appeared to be little coordination occurring between First Nations. In particular reference to business development, First Nations could benefit from a business network within the central interior. It was evident that similar initiatives and learning curves had been developed independently, and the sharing of information with respect to economic development experiences would benefit approaches. Despite the uniqueness of each community, similar impediments predominate in terms of the challenges to creating economic success.

This is especially important as First Nations accelerate their economic development approach within or outside a post-treaty environment. Maximizing the benefits from natural

resource endowments conveyed through treaty will be dependent on economies of scale not achievable in some cases by First Nations acting independently.

A forum where individuals working on economic development initiatives could share experiences and challenges would be beneficial. The similarity of the challenges facing First Nations, as identified through this research, make a coordinated effort that much more important. UNBC could play a substantial role in conducting further research on the issue of economic development within the context of First Nations, and facilitating a coordinated approach to workable solutions for this issue, and more specific business development issues.

The Crown's Approach

The most obvious manner in which the BCTP AIPs have the potential to conflict with the constructs necessary to create economic success relate to the manner in which transfer payments owing from the crown will be reduced as a First Nation's Own Source Revenues (i.e. the revenues they generate from economic activities) increases. The potentially damaging effects of this policy are recognized within the AIPs in that it is stated that OSR policy will be implemented in such a manner as to avoid disincentives for economic success. Under this scenario, First Nations would strive for economic success while contributing to the tax base, and jeopardizing transfer payments negotiated through a Final Agreement. It amounts to a system of double taxation, whereby disincentive is inherent.

This research suggests that a concerted effort to improve living standards that are far below average, and facilitate infrastructure improvement and foundational political change, while stimulating economic prosperity, would be better served by a proactive approach by the Crown. It is apparent that negotiations surrounding this issue at the Lheidli T'enneh table are a major point of disagreement (Krehbiel 2006). It is highly recommended that the Fiscal

Financing Agreement (transfer payment scheme) and OSR Agreement be reconciled within any Final Agreements to reflect the need for a proactive approach and facilitating role in what will be a long-term horizon of change requiring funding stability.

In most cases First Nations have not possessed or practiced jurisdictional and governance authority for many generations. Economic successes and failures will be implicit and required as First Nations encounter a disciplined learning curve, which over time will promote and support the development of effective decisions. Also, a long-term horizon is an important component of this process. This necessitates a realistic approach to business opportunities, particularly in the central interior, where the economy will undergo significant transition over the next decades as the existing dominant industry(s) are replaced. This will be a challenging environment for any business entity striving for sustainability.

Given these realities, it is suggested that the OSR Agreement within any treaty consider an approach that encompasses some or all of the following attributes:

1. A temporal approach (i.e. no potential effect for period x)
2. Is gauged against a First Nations living standard measure (i.e. OSR does not impact transfer payments until such time as a predetermined target standard of living measure is achieved – the objective of the treaty process)
3. A phased approach referenced to an individual First Nation's record of OSR (i.e. as OSR grows beyond x, transfer payments are reduced by y, until such a time as x/y meets some criteria)

The fundamental challenge evident from this research is minimizing the penalizing effect of OSR policy such that economic development is not deterred or instilled to occur at unsustainable levels. Crown negotiators should also approach this issue from the perspective

of one of the primary objectives of the BCTP, which is the removal of the differentials between non-Aboriginal and Aboriginal populations.

Concluding Remarks

It is evident that the Agreements being pursued through the BCTP hold considerable potential to facilitate the rebuilding of First Nations communities into self-governing entities, and promote economic development and success, and self-sufficiency. The Agreements are largely congruent with the economic success factors summarized from the literature surveyed, the relevance of which were also verified through locally derived information.

Several key challenges First Nations face when attempting to generate economic activity were identified through the literature summary and the interviews completed. They largely related to this issue of individual and community capacity, where capacity was defined in a broad sense. These issues were considered to be the primary challenges to First Nations creating sustainable economic success within or outside of potential settlements through the BCTP. These issues were related directly to the Agreements evolving through the BCTP, and recommendations were provided to overcome the capacity issues and facilitate the achievement of the benefits held by the potential settlements.

Recommendations are also provided with respect to a single aspect (OSR Agreements) of the evolving settlements that appears to conflict with what the research indicates as being required to facilitate success.

Based on this research, whether or not the land and resource allocations and financial benefits offered through any treaty settlement are sufficient to satisfy the economic needs of a particular community appears to be an unanswerable question. Calculating the direct economic value of a treaty settlement is not difficult, although present challenges to do this

exist as there remains some uncertainty surrounding particular components of evolving agreements.

What is clear is that through these Agreements First Nations will possess significant cash settlements and stable funding platforms for a multiple year horizon. They will also possess complete jurisdiction over these funds and the other resources conveyed through treaty. These are conditions that represent a vastly improved environment for achieving economic success.

It is evident that the economic value of any settlement is secondary to the power conveyed through these Agreements that facilitates the establishment of economic success factors 1-5. These constructs are essential for allowing First Nations to transition from their existing paradigm towards an entity that can achieve and sustain economic success. A “western economic approach” to financial modeling may provide the hypothetical revenue generating potential of any settlement. However, this is not reflective of how economic development will occur given the Contingency approach to economic development that First Nations have demonstrated. A particular expected return on the value explicit within the agreements may not be a relevant approach. The fact remains that some First Nations have achieved considerable economic success in the absence of any treaty settlement. This is supported by Cornell’s finding that a First Nation’s particular resource endowments or other direct economic advantages that it may have at its disposal do not correlate to the level of economic success observed across a range of First Nations observed.

None the less, the resource and financial quantum conveyed through these Agreements will remain a major focus for their acceptance or rejection in Aboriginal and non-Aboriginal communities.

From a First Nations perspective, in order to facilitate community capacity development, an interpretive modelling approach is recommended. This approach demonstrates the value inherent in the agreement, how that can apply to a specific community's situation and how that might relate to any particular measure of community health or prosperity.

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Appendix 1

Comparative characteristics of the model of business pursued by First Nations communities (community capitalism) vs. the general western economic model (common property capitalism)

Community-Based Capitalism	Common Property Capitalism
<ol style="list-style-type: none">1. Community owned (and directed)2. Partial reinvestment in the community's interest3. Key tenets of Aboriginal values of harmony, balance, reciprocity, sharing, community decision making & respect for culture4. Focus on jobs & profits while weighting socio-cultural factors in the business planning and implementation phases5. Community unwilling to pursue certain opportunities if the opportunity necessitates violating a key tenet	<ol style="list-style-type: none">1. Private/corporate ownership of capital goods2. Decisions made by individual(s) on behalf of the corporation3. Key tenets of individualism, profit maximization, accumulation of wealth, and the market economy4. Focus on shareholder benefits, generally any reference to social responsibility is "qualified"5. Community is a stakeholder and may receive benefits, but it is not the corporation's purposeful intent

Appendix 2

Questionnaire introduction letter and the seven questions utilized for the purposes of the case studies completed.

BC Treaty Process Settlements; Precursors to Economic Success or Failure

I am conducting research as a portion of my MBA studies at University of Northern B.C. (UNBC) in Prince George. My primary research question has been defined as:

"Are the Agreements being manufactured through the BCTP congruent with the constructs that have been identified to promote successful economic development in First Nation communities."

My research entails:

1. Compiling a summary of the available information relating to First Nation communities and economic development
2. Defining the key challenges that must be overcome and constructs that appear to be required in order to facilitate economic success and sustainability
3. Validating this information and gaining additional insight within the context of B.C., through the completion of two case studies of First Nations that have successful records of sustained economic development
4. Cross referencing the information summarized from the literature survey and case studies with two of the Agreements-in-Principle and the associated developing Final Agreements being manufactured through the B.C. Treaty Process (BCTP).

The intent is to determine to what degree the Treaty settlements being proposed are incorporating constructs and factors that have been demonstrated and are recognized to be required to facilitate First Nations' economic success and sustainability.

The reason why I am requesting information from your community is because of your recognized status as being successful in terms of economic development initiatives. My purpose is to determine:

- a. to what degree your experiences and success in the area of economic development reflect the available information on this issue, as represented in the literature, and,
- b. if there were additional challenges encountered that were unique to your community's experience and how they were surmounted.

My intent would be to take no more than two hours of your time. The process would involve a questionnaire that I would provide in written format and preferably administer verbally in an interview setting, minimizing your time commitment. An interview format may also include unstructured questions relating to the particular challenges and experiences you faced in facilitating and sustaining economic success on behalf of your community/employer.

I would of course be willing to provide all information relating to the outcome of my research.

Informed Consent Statement

As per UNBC MBA Program policy, I am required to obtain proof of your informed consent regarding your provision of information. Any information you provide will be utilized only for my MBA-related research, and for no other purposes. Questions pertaining to this research project should be directed to Charles Schell, MBA Program Director (phone: 250-960-5661 or email: schell@unbc.ca).

Brian Toth, UNBC MBA Candidate

Consenter

*Research Questionnaire Introduction and Informed Consent, March 2006;
Brian Toth, UNBC MBA Candidate pg. 1 of 1
Phone 250-562-7513 Cell 250-613-5680 Fax 250-562-0404 Email briantoth@shaw.ca*

Question #1

The imposition of ineffectual governing structures (i.e. the Chief and Council system) imposed on First Nations by Canada have been identified as a key constraint to economic success within First Nations communities. The negative effects of this system are said to include:

- The inability to exercise control over the community's development agenda in a manner that reflects and constitutes "ownership" of lands, resources and affairs (i.e. the extent of the community's powers)
- The decoupling of decisions and their consequences (INAC's authority)
- Community-political instability and short-term planning horizons

Please circle below and comment as to whether you agree or disagree with this statement (do you feel it is valid in relation to your community's experiences in economic development?).

Completely Disagree	Tendency to Disagree	Equally Agree and Disagree	Tendency to Agree	Completely Agree
1	2	3	4	5

If you feel it is valid, how has your community worked within this scenario and still managed to achieve a record of economic success?

Question 2

Related to question #1, the absence of effective community Governing Institutions (as a product of imposed Governing Structures) is said to be a 2nd major contributor to economic underperformance in First Nations communities. The negative effects of poorly designed Governing Institutions are said to include:

- The inability to facilitate non-politicized dispute resolution mechanisms, eliminate opportunistic behaviours by elected officials, combat corruption, and separate business and politics
- An inability to effectively consider socioeconomic tradeoffs and/or organize and plan economic activities, and control how they will be pursued and who the primary actors will be
- The inability to facilitate buy-in by investors, including achieving the confidence of community members

Please circle below and comment as to whether you agree or disagree with this statement (do you feel it is valid in relation to your community's experiences in economic development?).

Completely Disagree	Tendency to Disagree	Equally Agree and Disagree	Tendency to Agree	Completely Agree
1	2	3	4	5

If you feel it is valid, how has your community worked within this scenario and still managed to achieve a record of economic success?

Question #3

It has been stated that economic success and sustainability is dependent on Governance Structures and associated Governing Institutions being “Culturally Matched” with a First Nation community’s conceptions of how authority should be organized and exercised.

- The “cultural match” in this instance refers to the prevailing beliefs (contemporary state of political culture) of the community
- Institutions must be specific to each First Nation community’s set of opportunities and constraints – culture must be used as a strategic guide in their development
- Governing institutions and development strategies that reflect and complement these cultural factors will invoke acceptance and support of the collective

Please circle below and comment as to whether you agree or disagree with this statement (do you feel it is valid in relation to your community’s experiences in economic development?).

Completely Disagree	Tendency to Disagree	Equally Agree and Disagree	Tendency to Agree	Completely Agree
1	2	3	4	5

Has your community incorporated the “cultural match” concept into its rules or guidelines, and how was this accomplished?

Question #4

Many First Nations economic failures are said to result from a non-strategic approach. The contributors to a non-strategic approach are said to relate to the factors described in questions 1-3 above. Specific mitigating factors are said to include:

- Poor community economic conditions and the pressure to achieve quick results
- A short planning horizon facilitated by leaders’ short terms of office
- An absence of rules and guidelines (institutions) controlling the planning process

Have your community’s experiences (successes and failures) substantiated this statement? If so, how have you managed to adopt a strategic approach⁷?

Question #5

Effective community leadership is said to be a necessary precursor to a First Nation’s economic success and sustainability. Leadership in this instance is said to be “effective” because the leader(s) understand the problems facing the nation and the manners in which they can be solved, they take action, and they mobilize the community in the direction required for foundational change.

Has this statement been reflective of your community’s experiences? Have you had leader(s)⁸ that were fundamental to your community’s economic successes and/or the creation of its business-like approach?

⁷ An approach to business that follows a systematic examination of assets and opportunities, and community priorities and concerns.

Question #6

Within the specific context of economic development in Canadian First Nations communities, research has indicated that the development of Alliances with non-Aboriginal businesses is one of the preferred and most common methods of initiating economic development.

Has your community utilized this approach? If so, what benefits was your community seeking to derive from the alliance? What benefits was the non-Aboriginal business partner seeking through the relationship?

Question #7

A number of “practical” constraints have been identified within the Canadian literature as impediments to economic success. They are summarized as follows:

- a. Accessing natural resources – difficulty gaining/controlling access to off-reserve resources for commercial purposes – federal management of on-reserve resources
- b. Accessing capital – the inability to utilize reserve lands and resources as collateral
- c. Challenges with federal business support programs – low risk tolerance, slow approval processes, and narrow criteria – onerous reporting requirements
- d. Institutional development assistance programs – general lack of resources in this regard – leads to instability in business projects after their initiation
- e. Penalization of the achievement of success by losing federal funding as their own revenues begin to grow – OSR
- f. Indian Act processes – difficulty in accessing funding derived from on-reserve developments managed by INAC, inefficiencies in legal designation and record management issues that must flow through INAC

Have your community's experiences substantiated these factors as impediments to economic development? If so, how have they been overcome?

⁸ Leader or leadership in this sense can be interpreted to include both elected officials of the community or non-elected members of the community.

Appendix 3

Interviewee responses to each of the questions and ensuing discussion in a narrative format

Case Study/Interviews – March 2006

(see Appendix 2 for complete text questions)

Following is a narrative summary of the interviews conducted. These summaries involve the author's interpretation to some extent. All were provided to the interviewees subsequent to the interviews to identify any issues with transcription of feedback.

Barry Seymour

Mr. Seymour was Chief of the Lheidli T'enneh First Nation for a 10year period from 1995-2005. During that period Lheidli was known for its proactive involvement in economic initiatives ranging from environmental consulting services, value added wood processing, primary forest harvesting, and farming (hay, organic produce and commercial hemp production). All of these initiatives demonstrated profitability and growth, but only the primary forest harvesting operation existed at the end of his tenure. There were many other initiatives that were considered to have good economic potential, but which were never initiated.

While Lheidli T'enneh was already engaged in the treaty process at the beginning of his tenure, Mr. Seymour recognized the potential value inherent in this process and strengthened Lheidli's commitment in and ownership of the process. During his tenure Lheidli also joined a small list of First Nations in Canada that proceeded through the Framework Agreement and related processes of the First Nations Land Management Act, federal legislation that allowed Lheidli to take jurisdictional control over its reserve lands (i.e. community control was previously excluded via the Indian Act).

Question #1 – INAC Governance System – Completely Agree

Governance structures under INAC are setup for failure. INAC's mentality is control through funding and auditing processes. This negates potential for development to a large degree. INAC's internal system inherently has issues with self-interest-agency (i.e. they're putting their jobs at risk by promoting self-sufficient First Nations; their departmental processes are therefore counterproductive to development). They also serve to keep First Nations busy with reporting requirements, which minimizes their time to focus on the priority issues. Also, the inability to directly manage and use lands and resources for capital leverage has also been an issue, which may be somewhat surmounted through their transition to a Land Management Band. Most economic development activities were organized under an umbrella corporation to the Band (development corporation). This allowed for the creation of an entity that was insulated from INAC, and allowed the development of governance structures and institutions that attempted to separate business from politics and improve the effectiveness of decision making.

Question #2 – Governing Institutions – Completely Agree

As above, attempts were made to develop institutions that were suited to effective management, depoliticizing management decisions. This involved creating a separate economic entity with its own institutions. Board structure for the forest harvesting operation, which is a joint venture with a non-aboriginal firm, was specifically designed to resist

political interference. The specific challenge identified was that the board of any First Nation's community's business has to both have political support and community support, but not self-interested political interference. Conflict of interest guidelines were specifically developed for the forestry operation using legal expertise.

Question #3 – Cultural Match – Completely Agree

Without the community's acceptance and support of the way and manner in which it is being governed, successful development initiatives are nearly impossible. It was difficult to obtain genuine community input into institutional development and the overall strategic direction of the First Nation. The community environment was very factionalized. Some would oppose any initiative, regardless of the potential benefits inherent in a particular opportunity. This was a particular challenge to gaining collective buy-in to any pro-action by leadership. This made the collective acceptance that is inherent in cultural match next to impossible to achieve.

One area where this appeared to be effectively undertaken was in the area of treaty. A community driven council had been involved in the overall direction of the treaty process for many years.

Question #4 – Strategic Approach – Completely Agree

The political environment forced many non-strategic moves in the businesses that failed. There was definitely an emphasis on creating jobs, and in many cases individuals that weren't qualified for specific roles were employed, impairing business success. Further, funds weren't specifically managed to nurture the businesses and there was no long-term planning. Short-term approaches or business initiation can follow a strategic model in any environment. It's the long-term that is really where the challenge lies.

The forest harvesting operation had different origins and possessed a long-term plan from the start. The strategy was largely driven by the non-Aboriginal partner that had previous experience in similar joint ventures. Profits are managed within the joint venture with sufficient revenues being plowed-back into the business to continue its success and growth. People are hired in this operation based on qualifications and not for political appeasement.

Question #5 – Leadership and Collective Mobilization – Completely Agree

Yes, an effective leader that sees the manner in which the community can begin to solve its problems is important. But their most important job is in motivating the community to change, particularly when the community isn't healthy. It's about building capacity. Leadership and capacity has to flow through all levels of the community in order to achieve buy-in and start making change.

There are other issues that are beyond the obvious that are contributing factors to the difficulty in moving forward.

1. The capacity issue is paramount. The community generally lacks any experience in business – there is a lack of understanding of what it means or why it's important. Trust within the group and with others has to be developed otherwise there is always an environment of conflict. There is a mental barrier in many community members –

always the sense that they've been hard-done-by (due to past experiences?). The current organizational behaviour of some First Nation communities reflects this environment. Pre-contact, we had the skills for survival via explicit community roles – now some have reverted to dependency but are still within the collective or communal framework.

2. The rationale and aptitude for employment have been removed from some of our people – it no longer exists – it has to be developed. This is a recent occurrence. Fifty years ago everyone still knew their role. There has been a transition – from there to dependency.
3. The skills we possessed before related to survival – economic development is foreign – its change – there is opposition to change. Social conditions can't be understated.
4. The contemporary aspects of "culture" (social conditions and thinking) hamper buy-in for positive change; people are chronically negative.
5. Culturally, from an environmental perspective, we think long-term, from an economic perspective, the thinking is short-term. This incongruence is important to how economic development is approached.

Question #6 – Alliances – Completely Agree

This goes beyond alliances and partnerships with corporations. It involves partnerships and relationships with other levels of government – municipalities and regional districts. It's very important to establish government to government relationships in order to be recognized as one. Ultimately, we will be competing or at least interacting with them for business development on treaty lands. They have capacities we can benefit from.

In terms of partnerships in the business context, they're pursued for the benefits (training, employment and financial) – they are important. The non-aboriginal businesses have to be compatible with the First Nation. The uncertainty issue can be important for compelling these partnerships, but that's not necessarily the case. In terms of the forest harvesting operation, we recognized our negotiating leverage and sought out a compatible partner to provide the infrastructure and business expertise to help us exploit the opportunity. We drove and control and the process.

Question #7 – Practical Impediments – Completely Agree with all

Yes, these are of course all impediments to economic development. However, we dealt with each in a successful manner.

- a. We secured licenses for wood through the government process. We also secured wood utilizing our negotiating strengths. We've accessed fisheries resources for commercial purposes through the treaty process.
- b. We've taken control of our reserve lands. Whether or not this will allow them to be utilized as leverage for capital is yet to be seen.
- c. The issue of federal business support programs was something we never solved. We lacked anyone with expertise in these program areas. We never attempted to access INAC ec dev funding – too many strings attached – their programs in this area impede successful development by virtue of their structure and policies.
- d. In other areas of program funding we had people with good skills that allowed us to access these funding areas. Having the right people is key to accessing these

resources. It also takes time to build confidence in the funding agencies, and once you do to some extent your more likely to be funded.

- e. We dealt with the issues of revenues through the development corporation.
- f. Dealing with INAC has of course been an issue. We've started to address this issue through the Lands Management Act and we're attempting to completely solve the issue through the treaty process.

Overarching issue is CAPACITY. It is the primary problem – capacity to understand the need for change and proactively move forward.

Harley Chingee

Harley Chingee is a member of the McLeod Lake Indian Band and was the Band Manager for 20 years during the 1980s and 1990s, and was Chief of the community for 3 years (2002-2005). He is currently involved in forestry/economic development for the Tsay Keh Dene First Nation. McLeod became a "Treaty 8 Band" in 2000 when 18 years of negotiations resulted in their adhesion to this settlement process. This treaty process does not involve governance or jurisdictional issues directly. Key points involved cash and land settlement. Since the mid 1980s the Band has pursued an active economic development path that has been highly successful. Primary developments have involved logging operations and oil and gas related initiatives. Revenues and income from the MLIB businesses exceeded the funding received from INAC many times over, negating their reliance on this relationship.

The key to their success stems from their community's negotiation of an Evergreen License with a major forest company operating in their territory. This license guaranteed MLIB an annual allocation of the company's cut, which possessed a guaranteed market for purchase. The certainty connected to this license allowed MLIB to debt-finance the entire initial operation through bank loans. This strategy has been extended to other forest licenses harvesting within their territory and has and continues to be the cornerstone of their economic development platform.

McLeod Lake also proceeded through the Land Management process while he was Chief of the community, which saw the community take jurisdictional control of over the large land quantum it received in 2000.

Question #1 – INAC Governance System – Completely Agree 5

The INAC system is not setup to allow a First Nation to function as a successful corporation. It is slow and precludes the rapid responses that the competitive business environment requires. Ways can be found around this, but they entail risk. He viewed his role as that of CEO while Chief, working on behalf of the Council and the Band. He would work independently to pursue business opportunities then bring them back to demonstrate potential benefits and achieve consent. It forces a motivated individual to take initiative on their own, which necessitates risk in leaving the rest of Council or the membership behind (i.e. time and resources have to be dedicated to demonstrating the benefits and achieving consent).

Question #2 – Governing Institutions – Adapted – (Completely Agree)

They adapted their own institutions relevant to business early on in the process. They initially separated business operations from politics, including specifying signing authority and board membership responsibilities. They also adopted a general policy that saw 50% of the income from the business ventures flow to the community. This varied depending on performance. They also developed institutions that allowed loans between business entities to allow growth. They relied heavily on professional legal expertise for the development of much of this process. Chief and Council made decisions around setting of policy. Professional business managers manage the businesses.

Question #3 – Cultural Match – not an issue at MLIB

Buy-in by the community was seen as strong at McLeod. Its felt that this stems from the benefits that are generated and the fact that a downside to their businesses has never been seen. Community driven is not the case. Strategy and planning is done without the community driving the process. Only a few people within the community understand business. As long as benefits are provided there is little opposition. People have somewhat become dependent on INAC and the transfer payment economy.

Question #4 – Strategic Approach – not an issue at MLIB

This generally hasn't been an issue with MLIB's economic initiatives. It stems from their initial strategic approach to business. The separation of business operations from politics was seen as key to this end. Professional managers were/are allowed to implement the measures necessary to promote the long-term sustainability and profitability of the businesses, and the businesses are somewhat insulated from politics. This has allowed a longer planning horizon and focus on business growth. This stems from the initial approach that was implemented and the success that was achieved, which resulted in a strong business environment supported (or at least not opposed) by the community that received the tangible benefits. Since the initiation of their economic development approach, there has been opportunities for those who want to take the initiative to succeed (somewhat eliminating a crisis approach). Also, there has always been recognition that educating membership was very important (and business revenues were utilized to support it). An educated membership serves as positive reinforcement of a strategic approach, regardless of whether or not they are directly involved in the economic initiatives. They gain a better understanding of the approach and support it.

Question #5 – Leadership and Collective Mobilization – Completely Agree 5

The initial economic levers were initiated by the community's chief in the mid-1980s. He saw the value being generated from the community's resources and how that was translating to benefits to non-Aboriginal communities. He also saw the need for placing a high priority and value on education in the community. The success of the economic initiatives are seen as having a lot to do with the community's support. The benefits the community receives are evident and tangible. Their enhanced support of education also results in community support for pursuing the path of self-sufficiency. It can be tough to get actual direction from the community when few people understand business. What's important is maintaining their support for the direction your taking.

Question #6 – Importance of Alliances – Completely Agree 5

Initial Evergreen License was treated by both parties as a partnership. They have utilized their expertise and infrastructure to partner with other Aboriginal groups that don't possess the business skills and expertise. He felt that the treaty actually strengthened their position regarding the ability to interface with other industry operating in their territory. It specified the consultative measures that are required. However, they haven't used this avenue to develop joint ventures. They have used joint ventures to some extent in the area of oil and gas. The intent was to gain capacity. They researched, sought out and selected partners they thought would be the best match.

Question #7 – Practical Economic Constraints – Not an issue any longer

To some extent now MLIB is relatively self-sufficient in terms of their ability to pursue economic development initiatives. They maintain the Evergreen License. Since treaty settlement they have a substantial trust fund in the bank. They also now possess a land base and associated timber and other resources. This makes many of the issues on this list less of a problem now.

These lands were transferred as reserves but they have adopted the Lands Management Act and taken over jurisdictional control. Two issues remain a problematic.

1. Prior to treaty settlement in 2000, they were punished by federal business support programs for their success. Funding was harder to access to support and maintain business growth because of their ongoing success.
2. He also agreed that the federal business support funding was very constraining because of its narrow criteria and reporting/auditing criteria.

Thomas Pierre

Thomas Pierre is a member of Tl'azt'en First Nation and has background in forestry, including a technical diploma and forest resource technology. He was a Councilor for Tl'azt'en for 2 years and worked for many years in their forestry operations. Tl'azt'en negotiated a Tree Farm License (area-based tenure) with the province in the early 1980s. They later built a processing mill in partnership with a forest licensee. The mill lost considerable money and has not operated for many years. They have also faced many challenges making the TFL generate positive income. Mr. Pierre is now the Economic Development Officer for the Carrier Sekani Tribal Council, and assists its 8 member First Nations with issues related to their economic development initiatives.

Question #1 – INAC Governance System – Completely Agree

Greatest constraints on development stemming from this system relates to its sociological impacts. INAC placed five communities under one umbrella Band (Tlazten) that all the funding now flows through. Additionally, the Chief and Council system is foreign and in opposition to how leadership was traditionally undertaken (but it has become an engrained part of some peoples' thinking). There weren't elections before. Traditional system was hereditary. It revolved around respect and it had nothing to do with money. With the focus on leadership now being money – how it comes into the community and gets distributed – it creates problems. Anyone that gets into this system is immediately subjected to the pressure of self-interested individuals and the competitive interests of the former communities that

were amalgamated. Within this system there can never be contentment and the focus can never be on making proactive change. It's always responsive.

Also a problem was the element of jurisdictional control. After achieving a TFL, they were bound by regulation as to where they could market the wood. This forced them into the development of a processing operation, which was beyond their capacity to develop and manage. It led to a number of poor decisions and failure.

The governance issue was dealt with through the creation of separate legal entities for each business. Separating politics and business was recognized as a problem right from the start of Tl'azt'en's economic initiatives and was also addressed through the connections between separate entities.

First Nations have a distrust of the outside world, and therefore have a tendency to want to do things on their own. They are hesitant to bring in outside expertise. However, in many senses their lack of business expertise and capacity hampers the success of their efforts to this end.

Question #2 – Governing Institutions – Completely Agree

They tried to deal with this issue by creating their own institutions through their own entities. Problems still persisted in terms of the infiltration of politics with the operational side of the businesses. There was a strong focus on job creation rather than effective business management and this led to failure. There were people that opposed business development within the community because of distrust about how those businesses would be operated.

In terms of the challenges to developing effective institutions, the "dependency culture" applies to more than just dependency on transfer payments. The impact of church and INAC control has impaired the will to self-govern to some extent. The impact to some extent has been "brainwashing." The idea of developing institutions is perhaps foreign (there remains a dependency on others to direct the community). This largely persists within the older generations who were subjected to the regimentation of residential schooling.

The culture inherently values age and wisdom. However, to some extent these generations have been the most impacted by INAC, church and the control of other outside entities. The younger generations see things differently (they perhaps are better able to envision the community being self-governing) but to some extent they look to the older generations for leadership and direction. This mismatch limits what can be done. The younger generations now face social problems that don't seem to be improving.

It comes down to trust.

Question #3 – Cultural Match – Completely Agree

The real change towards dependency on the government (for finances at least) didn't occur until the 1960s in Tl'azt'en. Up until that point, community members had a strong work ethic and sense of community. The community previously had its own manners of governing and disciplining. These systems were removed and there is now reliance on other systems. Everyone accepted the previous system but there is distrust of everything stemming from the

new systems. The social problems that have been created add to the challenge of gaining community support for moving from dependency to self-dependent. The distrust (of the existing systems), inability to envision self-reliance, which stems from a lack of capacity and imagination, and the social problems together pose a big challenge.

Question #4 – Strategic Approach – Completely Agree

There was agreement that a lack of a strategic approach had resulted in the performance of the Tl'azt'en ventures. It was noted however that in many cases strategy was forced by jurisdictional control issues arising from authority being controlled by external entities. After achieving a TFL, they were bound by regulation as to where they could market the wood. This forced them into the development of a processing operation, which was beyond their capacity to develop and manage. It led to a number of poor decisions and failure.

The political environment forced many non-strategic moves in the businesses that caused their poor performance and failure. There was definitely an emphasis on creating jobs, and in many cases individuals that weren't qualified for specific roles were employed, impairing business success. This included managerial roles in the businesses.

It was evident that a sufficient level of jurisdictional control had not been achieved. While improved governance structures and institutions appropriate for business development and sustainability were attempted, they hadn't been sufficiently achieved. The community had not bought-in to the vision of economic sustainability and as a result continued to allow pressures for short-term benefits impact the business's health. As a result, a strategic approach did not materialize.

Question #5 – Leadership and Collective Mobilization – Completely Agree

Capacity is a large issue. Unless the community membership has the capacity to realize the direction that will generate improvements and benefits it is difficult to make change. You can have economic success without complete buy-in but it will be short-lived and it appears to cause more social problems – if people aren't ready for change then having money seems to create more problems. In some cases members no longer possess a work ethic, which also makes it difficult for them to see the need to be proactive and support changes toward this end. Tl'azt'en thought that the TFL would go a long way to helping solve problems, but people didn't have the work ethic or capacity. A leader can put in place the measures necessary to create economic success, but gaining community buy-in is a large challenge. It comes down to the capacity issue.

Question #6 – Alliances – Completely Agree

Yes, the alliance-model is important to business developments that First Nations are approaching today in this area. How a treaty might affect corporations' need to seek-out certainty-creating relationships is important. However, how you put together the relationship is the most important component of these relationships. Corporations generally have to form relationships with all local people. This is ongoing now with a firm planning on building four wood pellet plants in the interior. The key is ensuring that the interests of the parties are aligned. The intent of First Nations is to generate jobs and training opportunities, and revenues.

Question #7 – Practical Impediments – Completely Agree

- a. Accessing natural resources continues to be a major challenge. It largely relates to the jurisdictional control issue. The TFL is a good example. More recently, First Nations in the area have many opportunities to access fibre through community forest licenses and other means. However, there seems to be intent to ensure that First Nations are given ample access to the fibre that has the least economic viability. This is a setup for failure.
 - b. Accessing capital is an issue.
 - c. Federal business support programs can be of assistance but they are poorly designed to be of much help. They definitely punish success. If you already have an initiative that is successful, but need assistance, the narrow criteria limit you're ability to access funding for your specific needs. The programs lack the adaptability required by funding that is really going to improve the chances of economic initiatives. They are also very slow and bureaucratic.
 - d. Not discussed
 - e. As per (c) above, there is definitely appears to be a penalty for success.
 - f. INAC processes are a major impediment.
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- 1. **Overarching issue is CAPACITY. It is the primary problem – capacity to understand the need for change and proactively move forward.**
 - 2. **Also, it seems apparent that economic success may add to social problems if a community is not “ready” for it.**
 - 3. **He offered the opinion that one of the reasons that the treaty process has little potential for success is due to the province's involvement. They are the controllers of the resources but Indians are a federal responsibility. This inherently sets up a battle for resources between the province and First Nations. For some reason the province takes the stance that they have to protect resources from being allocated to First Nations. This makes no sense.**

Appendix 4

Signed informed consent statements for individuals interviewed

Appendix 5

Description of the relevance of Governance being negotiated via Side Agreements outside of potential Final Agreements

It should be noted that in the case of both AIPs reviewed, matters concerning governance are being negotiated via Side Agreements outside of potential Final Agreements. This approach has been necessitated by the election of the provincial Liberal government in 2000. This government very strongly believed that there is no free standing, inherent aboriginal right to govern, and that all the power for a First Nation to govern would have to be delegated by either the federal or provincial governments, in the same way that Band Councils and local government get their authorities now. A stance they self-reinforced via provincial referendum in 2002.

In order to maintain negotiations through the referendum period, the tables compromised on the constitutional governance question and agreed that some governance powers would remain in the treaty, and others would be dealt with in a "side agreement". The notional breakdown was that matters that were either essentially federal or inherently aboriginal, such as lands, resources, membership, would remain inside the treaty, and matters that were essentially provincial, such as most programs and services, would be included in the side agreement. The treaty contemplates dozens of side agreements, so the approach is not unique.

Most negotiating First Nations want the full scope of governance to be included inside of a treaty. There are tradeoffs inherent in either approach:

- a. Treaty rights (i.e. governance within a Final Agreement) receive section 35 constitutional protection but are subject to justifiable infringements and are very difficult to expand.
- b. Side agreements (i.e. governance within a Side Agreement) are essentially contracts, and thus have their own set of enforcement rules and procedures.

The Governance Agreements as they are presently structured are only enabled by a Final Agreement, would be tripartite, and would likely be given effect through settlement legislation (Krehbiel 2006)

The net effect of the side agreement approach with respect to this research question being contemplated is nil.